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FT
Section 2

Twilight crusade of
a stubborn Pope

Ian McEwan tells
the tale of the century

Christmas in Japan:
an ode to joy

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND DECEMBER 24/DECEMBER 25 1994

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Mexico placed on negative credit watch

Mexico was placed on negative credit watch by the international rating agency Standard & Poor's as investors and the government struggled to assess the implications of this week's 29 per cent devaluation of the peso. In Argentina, Mexico's economic convulsions produced an emphatic response. President Carlos Menem announced a policy of "total austerity" and vowed to maintain the dollar-Argentine peso parity. Page 3

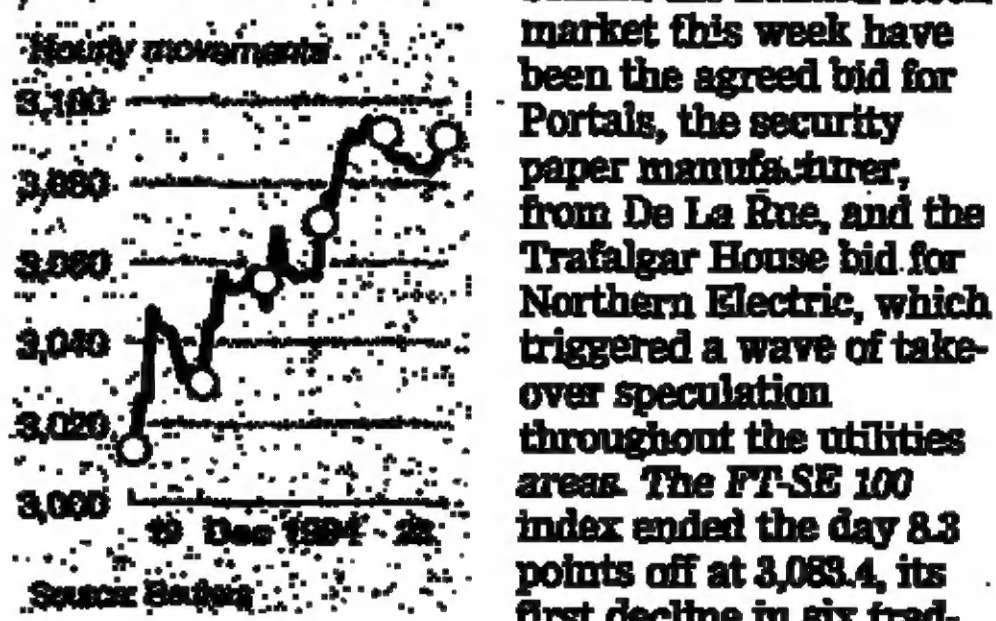
Scalfo wins support to avoid early polls: Italian president Oscar Luigi Scalfaro's plan to avoid early elections in the wake of the resignation of the Berlusconi government was backed by Roberto Maroni, interior minister and head of a large faction within the Northern League, a former coalition partner. Page 24; Fear of failure may reunite the Northern League, Page 2; Standa puts Enimont into hypermarket chain on sale, Page 9

BNP loses reprocessing contract: British Nuclear Fuels lost a substantial German contract for its Thorp reprocessing plant because of pressures from Germany's anti-nuclear lobby. Page 24

BSkyB and Reuters near TV deal: British Sky Broadcasting, the satellite television company, and Reuters, the news and information group, are on the verge of an international television partnership deal. Page 4; Queen's broadcast goes on Internet, Page 5; South African group plans global pay TV network, Page 9

Takeover activity drives London market up

FT-SE 100 Index



ing sessions, but remained 98.8 points, or 2.3 per cent, higher on the week. Call for probe into Northern Electric's share price, Page 8; Markets, Page 16; London stocks, Page 21; Lex, Page 24

South Korean cabinet reshuffled: South Korean president Kim Young-sam replaced more than half his cabinet in a reshuffle intended to revive his faltering administration. Page 3

US economic growth rate may ease: The US economy grew strongly last month, but the pace of growth could ease in the new year, figures for industrial orders and personal spending indicate. Page 3

Israeli soldiers killed: Two Israeli soldiers were killed and seven wounded in clashes with Shia Muslim Hezbollah guerrillas in southern Lebanon. Two Lebanese policemen died when their car was hit during an Israeli bombing raid. Page 3

LMR member fined £20,000: The London Metal Exchange fined Gordon (UK), part of the Compagnie Financière Suresat de Demée group of France, £20,000 (£94,000) for failing to supply relevant information about its parent when applying to become one of the exchange's 18 ring-dealing members. Page 4

Mayhew hints at cut in RUC: Northern Ireland secretary Sir Patrick Mayhew suggested that the Royal Ulster Constabulary could be cut to a peacetime force of 3,500 officers, little more than a quarter of its present strength. Page 4

B&S to offer telephone mortgages: Bradford & Bingley Building Society is expected to become the first UK high street lender to provide a telephone mortgage service. It will offer loans at a lower interest rate than those provided through its branch network. Page 24

The Financial Times will not be published on Monday and Tuesday. It will be published again on Wednesday, December 28. We wish all our readers, advertisers and distributors a happy Christmas.

Companies in this issue	
UK	Sperit (CA)
Bovetley	Stagecoach
British Land	Starhops Properties
Cunard	Trafalgar House
Dane Estates	Wernley
Farrington	Overseas
Ilkington Morris	Asor
Jones & Shipman	Banco Santander
Kelley	Banesto
London Securities	Euromercato
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Mervin-Swain	Morgan (JP)
Northern Electric	MultiChoice
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SFO denies suppressing evidence in Guinness trial

By Our Financial Staff

The Serious Fraud Office yesterday denied that it had deliberately suppressed evidence relevant to the first Guinness trial. Mr George Staple, director of the SFO, which prosecuted the case, said the decision to withhold from the defendants details of share operations similar to those at the heart of the Guinness case was based on legal advice that such details were not relevant.

On Thursday, the Home Office ordered the Court of Appeal to review the convictions of the four businessmen prosecuted in the 1990 case. Mr Ernest Saunders, Guinness's former chief executive, Mr Gerald Ransom, the property developer, Mr Jack Lyons, the financier, and Mr Tony Parnes, the former stockbroker. "We are not here to deny people's human rights. We are here to ensure so far as we can that people have a fair trial," Mr Staple said.

One of the main reasons for the Home Office's decision is that the defendants had not been made aware by the SFO during their trial of a judgment made by a City of London tribunal in 1988 on the legality of a series of share transactions carried out by TWH Management Limited.

TWH had been involved in an operation to support Guinness's share price during the brewing company's takeover bid for Distillers in 1986. It had also been involved in six other share trans-

actions, in which guarantees were given to the purchasers that they would suffer no losses from the deals.

The tribunal ruled that "there is no evidence that such transactions were improper".

However, the case against the four Guinness defendants was in part based on their involvement in similar operations to support Guinness's share price.

Investigating fraud cases needed a complete overhaul. He said the Securities and Investment Board, the City regulator, should be more involved in prosecuting financial crime.

The SFO's future is the subject of a government review by Mr Rex Davies, a former civil servant. Sir Nicholas Lyell, the attorney-general, is expected in January to decide whether to end the SFO's independence and put it under the aegis of the Crown Prosecution Service.

A merchant banker said: "This leaves everybody deeply uncertain. On the one hand, there is this beating of the drum about regulation and on the other hand any time anything gets into court it gets messed up."

Lord Spens, a defendant acquitted in a second Guinness trial, alleged that "someone quite high up" must have ordered the suppression of information which would have changed the outcome of the first trial. Mr Staple denied this.

Russian army split over conflict in Chechnya

By John Lloyd in Moscow

The Russian army's leadership is in turmoil over the bitterly fought campaign in Chechnya, raising the possibility of growing political intervention by senior officers opposed to the use of arms to resolve the conflict.

The state Duma (lower house) voted by 238 to 28 yesterday for an appeal to President Boris Yeltsin to break off military action in favour of peace talks.

However, Russian forces continued to pound Grozny, the Chechen capital, with bombs and artillery rounds. The city is under constant air bombardment and large parts of the centre have been destroyed.

Mr Valery Borshchev, a liberal member of the Duma, said at least 80 people had been killed yesterday and 56 wounded.

Russian official sources estimate that 44 Russian troops have died since the action started nearly two weeks ago.

Britain and France voiced concern over the conflict. "We are concerned and have expressed on the Russian side the need for a solution to be arranged as soon as possible which prevents further bloodshed," the British Foreign Office said.

In an interview to be published today in the daily Servichya, Colonel General Eduard Vorobyev, deputy commander of Russian land forces, says: "We have to save Russia by getting out of the situation which has been created in the country, in Chechnya and in the armed forces."

Gen Vorobyev has tried to resign from his command in protest at the handling of the Chechnya crisis. He says the army involvement was hasty and "the whole principle is wrong".

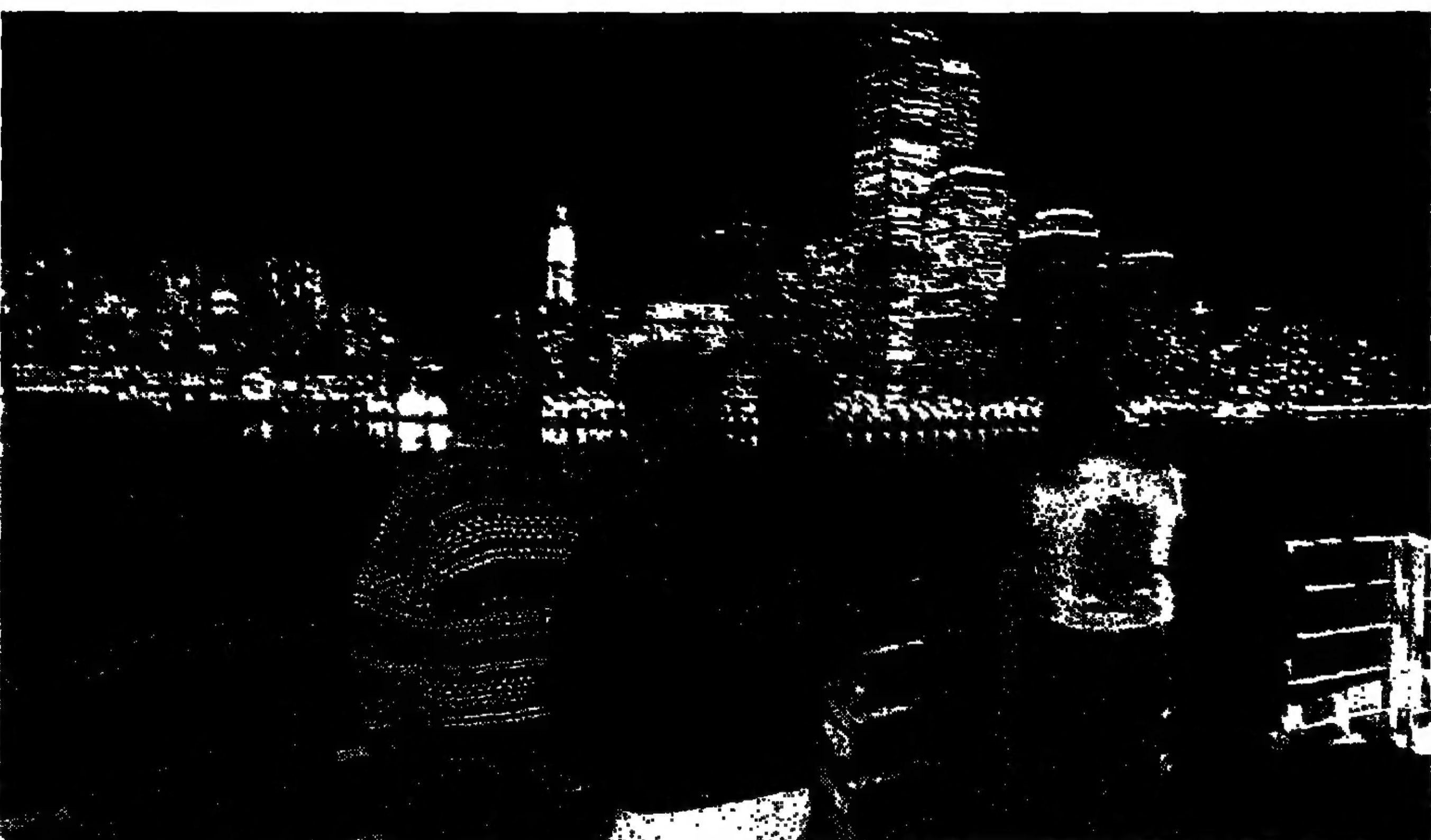
Gen Vorobyev says he was offered the command of the Chechen conflict by General Pavel Grachev, the defence minister, on Wednesday but refused and instead wrote a letter of resignation.

The Post Factum news agency reported last night that his resignation had been refused by his immediate superior, Colonel General Vladimir Semenov, commander of Russian land forces.

Adding to tensions, Lieutenant General Alexander Lebed, commander of the 14th Army in the Transnistria area of Moldova,

Continued on Page 34
Russian budget passed, Page 2
Convulsions of the body politic, Page 6

Cruise liner trapped in New York as Cunard faces lawsuit threat



Passengers aboard the Queen Elizabeth 2 watch the approaching New York skyline after a cruise marred by an unfinished refit

QE2 refused safety certificate in US

By Richard Tomkins
in New York, and Neil Buckley
and William Lewis in London

The US Coastguard refused to give a safety certificate to the Queen Elizabeth 2 cruise ship yesterday, leaving her trapped at a New York quayside hours after she was due to sail for the Caribbean.

The move is highly embarrassing for Cunard, the cruise line that owns the QE2. It follows

questions about safety raised by passengers on board the liner, which sailed from Southampton to New York this week with a refit incomplete.

The coastguard's grounds for refusal included the presence of obstacles in passageways. This was understood to refer to the building materials being used for the \$45m (£28.8m) refit.

During the transatlantic voyage, which began last Saturday, angry passengers complained

that the failure to complete the refit before the vessel sailed had resulted in "bulldozing site" conditions, cabins without water and closed amenities.

When the QE2 arrived in New York at 8pm on Thursday evening, some passengers complained that safety had been jeopardised because corridors and emergency exits were blocked by building materials and debris.

One passenger, Mr Andrew Coad, a vice-president for global

equities systems at Wall Street securities house Merrill Lynch, said on arrival in New York that he and others planned to file a class action lawsuit against Cunard citing the safety issue.

Mr John Olsen, Cunard's chief executive, strongly denied that safety had been jeopardised. "We take great care with this sort of thing," he said. "We are not com-

Continued on Page 24
Nightmare on QE2, Page 4

The great mediator returns to base with offer for US strikers

By Jurek Martin in Washington

The Man has done it all this season. No matter what they threw at him in Pyongyang, Port-au-Prince and Pale - dictatorial curve balls and sliders and sneaky Balkan change-ups - he hit them all out of the park, the trademark toothy grin getting wider with each victory. The crowds loved him for bringing peace to their troubled lives, even if his technique seemed sometimes moribund.

But now The Man wants to take in the ultimate Mission Impossible - and on his home ground, too. He has told the White House and the warring factions that he is ready yet again to step up to the plate.

It all happened in a rush late

on Thursday, Jimmy Carter - for who else could it be but the former president? - let it be known that he was ready to intervene in the US baseball strike.

His offer came just hours before the owners of the 28 major league teams voted to declare an impasse in their negotiations with the players in a dispute that cut last season short in August and threatens the existence of the next one.

The statement from the Carter Centre in Atlanta was carefully guarded. "Our mediation services are available only when both parties genuinely want a settlement and desire us to be of assistance," it said.

And therein lies the rub that yesterday morning suggested he might this time not get even the

chance to star. For Mr Bud Selig, an owner who also serves as acting commissioner of America's national sport, said after talking to Mr Carter: "No, thanks."

The owners' argument was that if Mr Bill Ueary, one of the best and most experienced federal labour mediators in the business, could not get the two sides to agree, there was no reason to believe Mr Carter could. "I appreciate his call," Mr Selig added respectfully.

The strike has arisen because the owners want to put a ceiling on team payrolls so as to level the competitive playing field between the richer and poorer sides. The players, whose earnings range from \$100,000 (\$59,000)

Continued on Page 24

STOCK MARKET INDICES

FT-SE 100		US LUNCHTIME RATES		STERLING		DOLLAR	
Yield	4.18	Federal Funds	5 1/4%	New York lunchtime		New York lunchtime	
FT-SE Eurotrack 100	1,348.4	3-m Treas Bill: Yld	5.885%	\$	1.5435	DM	1.57925
FT-SE-A All-Share	1,528.27	Long Bond	96 1/2	London		FF	5.4545
Nikkei	closed	Yield	7.825%	\$	1.5468 (1.545)	Sfr	1.3322
New York lunchtime				DM	2.4412 (2.4417)	Y	103.15
Dow Jones Ind Ave	3,943.19	NORTH SEA OIL (Anglo)		FF	6.431 (6.428)	DM	1.5783 (1.5805)
S&P Composite	491.02	Brent 15-day Feb	\$15.88	Sfr	2.0811 (2.0804)	FF	5.4908 (5.482)
				Y	154.982 (155.28)	Sfr	1.3325 (1.333)
						Y	100.205 (100.495)
						\$ Index	63.7 (same)
						Y Index	closed

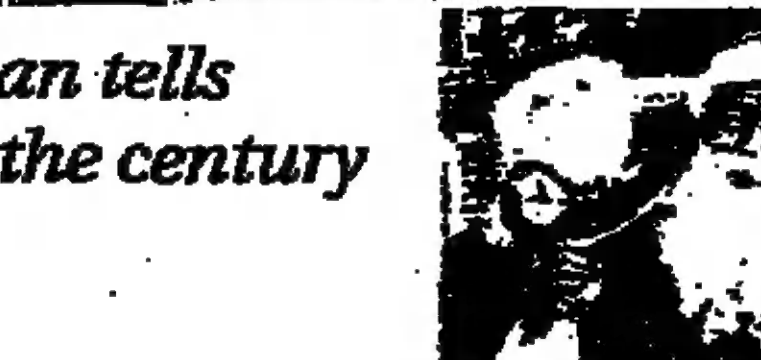
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سكرا من الامل



NEWS: EUROPE

Fear of failure may reunite the Northern League

A snap election could spell the end for Italy's divided regionalist party, writes Robert Graham

If a thick skin is a prime requisite for a successful politician, then Mr Umberto Bossi, the garrulous leader of the populist Northern League, is set to be very successful indeed.

This week he has been pilloried with insults of betrayal from within and without his party for provoking the downfall of the Berlusconi government. Mr Berlusconi was the most vicious, labelling him a "despicable traitor" for allegedly offering a no confidence motion against the government's party.

But the League leader has given as good as he got, with his gravelly voice and rude vocabulary. Indeed he now bears the implacable smile of a schoolboy whose prank has gone slightly wrong.

To regard Mr Bossi as a traitor within the coalition is a gross over-simplification. He made an electoral pact with Mr Berlusconi which was based on mutual convenience. The League brought to Mr Berlusconi's newly-born Forza Italia the political respectability of a vigorous reformist movement that had topped the long-standing hegemony of the Christian Democrats in northern Italy. In return Mr Berlusconi provided funds, his media power, and his media appeal as a new political figure.

Mr Bossi and Mr Berlusconi may share a common identification with their northern roots, but politically they have little in common. Mr Bossi, as the head of a lively regional party that has grown from the grass roots upwards, is wedded to the idea of a more federal Italy. Mr Berlusconi has

national political ambitions and leads a political movement which is tailored for his self-promotion and which was set in motion by supporters drawn from his Fininvest business empire. Ideologically, Mr Bossi is a liberal: Mr Berlusconi embraces an ill-defined right-wing demagoguery.

The outcome of the March general election results altered the marriage of convenience to a more unequal relationship. Although the League had won a similar number of deputies to Forza Italia and the neo-fascist MSI/National Alliance, Mr Berlusconi's electoral partner in the south, Mr Bossi had only one bargaining chip. This was the threat of withdrawing the League's support from the coalition - without which Mr Berlusconi could not survive.

Mr Bossi cleverly used this

threat from the outset, which explains why the premier was permanently exasperated by him. Mr Berlusconi countered the danger of withdrawal by the League by threatening early elections and dropping Mr Bossi as an ally.

With an electoral system under which 75 per cent of deputies are chosen on a first-past-the-post basis, League candidates would be extremely vulnerable if they stood alone without the risk of being wiped out. They need allies to have formed coalitions.

This counter-threat lasted only so long as Mr Berlusconi's standing in the opinion polls remained high. Since September his ratings have fallen, and it has simply been a question of when Mr Bossi would make the break. Not surprisingly, he chose the moment the premier came under investigation for

corruption by Milan magistrates and had been humiliated by unions threatening a general strike.

Having now brought down the government, Mr Bossi and the League still face the same threat, as Mr Berlusconi is determined to force early elections. The League's candidates cannot fight elections alone without the risk of being wiped out. They need allies to have formed coalitions.

The collective fear of becoming a vanishing political force could prove sufficient glue to keep the movement together in the wake of Mr Bossi's "treason" against the government. As many as 40 of the 105 League deputies have said they will remain loyal to Mr Berlusconi and have formed a dissident group headed by Mr

Roberto Maroni, the wily interior minister and long-time intimate of Mr Bossi.

Mr Maroni, like Mr Bossi, knows full well a snap election could finish the League. He is equally aware that should the dissidents wish to abandon Mr Berlusconi, the options are few and unattractive. The League's natural allies should be Forza Italia; but this is an ill-defined movement lacking proper organisation and wholly dependent upon the political fortunes of Mr Berlusconi.

Of the alternative allies, the small Christian Democratic Centre - the rump of the old Christian Democrat party - is too small; the MSI/National Alliance is too right-wing for many in the League; and the former communist PDS is too left-wing.

Thus suggestions that the

League will break up are premature, especially if its members realise the value of the principle: united we stand, divided we fall.



Bossi: pilloried

Russian budget is passed as economic fears grow

By John Lloyd in Moscow

The Russian parliament last night passed the 1995 budget against a background of increasing difficulty for economic policy and growing doubts among international financial institutions expected to provide assistance.

Mr Anatoly Chubais, the first deputy prime minister, said the passing of the budget in the lower house - after 14 attempts in three days of voting - "strengthens the overall stability of the country, which is very important in the context of a nervous social and political situation of the last few days".

Mr Sergei Alexashenko, deputy finance minister, welcomed the vote - by 230 to 127 - but said the main battles would be fought next month, around the precise spending and revenue items when deputies put forward amendments to the draft.

The budget foresees a deficit of 7.7 per cent of gross national product, and predicts an average monthly inflation rate of 2.5-3 per cent. Inflation last month was 14 per cent.

The Duma agreed to provide \$250,000bn from central bank funds to cover expenditures in the first quarter of 1995, when income is small. This appears to contradict an earlier decision not to use bank funds to cover the deficit.

However, two large issues loom over the budget strategy, which depends on almost \$13bn from the International Monetary Fund and the World Bank. Neither institution is willing to grant the aid until the issues are settled.

The first, according to a senior finance official, is the still unknown costs of the military operation in Chechnya - a bill which Mr Grigory Yavlinsky, leader of the Yabloko faction, estimates will soon run into trillions of rubles. Officially, the cost so far is put at around \$250,000bn, with a further \$250,000bn to reconstruct Chechnya after the military operation is completed.

However, the official stressed that these figures were guesswork, and a prolonged operation could radically change the expenditure needs - especially if the military is successful in demanding higher defence spending as a price for their actions in Chechnya.

Second, and more serious, the government is considering a draft decree which would replace the regime of quotas on oil exports with an even more restrictive regime of domestic quotas. Mr Chubais said this week that a decision on the draft had yet to be taken, but most estimates point to its being supported by powerful figures in the government and the presidential administration.

The finance official said that the new regime would slow the pace of reform and tend to discourage foreign investment, particularly in the energy sector. More important in the short term, he said, would be its effect on budget revenues, since an energy sector which could not recover its production costs because of very low domestic prices would not be able to pay taxes, nor could it bear losing the exemptions from import taxes which the 1995 budget has promised to eliminate.

"If you're trying to get the budget deficit down," said the official, "then letting the energy sector flounder will have a very profound effect on your efforts".

However, the official said that, if these two large obstacles were overcome, the Fund was "very positive" on the possibilities of stabilising the economy next year. Mr Chubais said yesterday he believed the chances of agreement with the IMF were "very high".

French president steps into 'Gaullist fraud' case

By David Buchanan in Paris

France's Socialist President François Mitterrand yesterday intervened after a FFIRM (\$115,200) bribe was allegedly offered to get a magistrate to drop his investigation of possible Gaullist financial improprieties.

The magistrate, Mr Eric Halphen, is investigating allegations of false invoicing on public housing contracts awarded by the city of Paris, whose mayor is Mr Jacques Chirac, the Gaullist presidential candidate.

In the wake of the investigation, Mr Michel Rousset, France's foreign aid minister, who used to work for Mr Chirac, has already resigned.

In addition to Mr Rousset, Mr Halphen has placed 13 others under formal investigation for financial impropriety.

One of them is Mr Didier Schuller, a Gaullist local politician. He has accused Mr Halphen's father-in-law, Mr Jean-Pierre Marchal, of demanding money in return for trying to persuade his son-in-law to drop the inquiry.

After receiving FFIRM in a little box from Mr Schuller at Charles de Gaulle airport, Mr Marchal was arrested by police and charged with extortion. Yesterday Mr Marchal claimed he had been "framed" by Mr Schuller, whom he said he knew professionally. Mr Marchal claimed he thought Mr Schuller had given him a box of cigars, and said he was amazed to find it contained FFIRM instead.

France's justice minister, Mr Pierre Méhaignerie, has said he will leave it to the public prosecutor to decide whether Mr Halphen should now be taken off the case.

The public prosecutor, in turn, has given Mr Halphen a few days to come to his own conclusions about the propriety of continuing his investigation.

Strongly supported by fellow magistrates, Mr Halphen was yesterday ploughing on with his probe into Paris municipal contracting.

But with the Socialist party warning the government not to bury the investigation, President Mitterrand has now asked the Superior Council of the Magistrature, which he chairs, for their opinion on whether Mr Halphen should continue.

Handing the dossier to another magistrate would almost certainly delay a conclusion to the investigation until after next May's presidential election.

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Country-wide truce expected to pave way for four-month halt in hostilities

Bosnia signs interim ceasefire

By Laura Silber in Belgrade

Bosnian Serbs and Muslims yesterday signed a country-wide interim ceasefire agreement, after Bosnian Serb objections forced the truce to be postponed from yesterday until noon today.

Mr Radovan Karadzic, the Bosnian Serb leader, yesterday said he had ordered his forces to stop fighting even before the details of the agreement were hammered out with Mr Yasushi Akashi, senior UN envoy in former Yugoslavia.

Before the noon deadline for the truce passed yesterday, Mr Akashi met members of the Muslim-led Bosnian government in Sarajevo to discuss the terms of the interim ceasefire agreement, which is expected to pave the way for a four-month cessation of hostilities beginning January 1. The deal was brokered this week by Mr Jimmy Carter, former US president.

Yesterday's delay was caused by Serb objections to two points in the agreement. The first called for the resumption of political negotiations which would lead towards a final settlement based on the five-nation Contact Group

plan. Serbs regard the plan - dividing Bosnia almost equally between themselves and a federation of Muslims and Croats - as a starting point for peace negotiations. The Bosnian government insists it should be the basis of a peace settlement.

The second point of contention was over the exchange of prisoners of war and the tracking of tens of thousands of people who have gone missing over the past 32 months of war. The two sides signed the agreement paper separately. Their respective copies differed on a paragraph concerning a deal to exchange prisoners and information on missing persons.

The Serb version said these issues should be treated separately. The Bosnian government version dropped the paragraph altogether, since it insists they should be considered as one.

Before leaving the snow-covered mountain stronghold of Pale after talks which included General Ratko Mladic, the Bosnian Serb commander, Mr Akashi told reporters: "Our enormous efforts have resulted in a happy outcome."

He read aloud the declaration of a general ceasefire to



Christmas peace in Sarajevo: UN troops unload aid supplies in a blizzard yesterday. The strife resumed last week

come into effect throughout Bosnia along all frontlines at noon today.

The most vulnerable point will be around Bijeljina, the Muslim enclave in the northwest being strangled by Serb forces. The agreement does not include Croatian Serbs and rebel Muslims fighting government forces there.

● In Belgrade, the state power company has announced that electricity cuts will be extended to 12 hours a day throughout Serbia. Outraged citizens have already set up barricades in several cities and towns and assaulted workers from the state power company. The company announced that prices would be increased

by 60 per cent. It blames 31 months of UN sanctions for hitting the power plants in a country which once supplied most of the electricity for the 23.5m population of former Yugoslavia. Opposition leaders charge that Serbia is selling power to neighbouring countries. In a joint appeal issued by

state-run television and the electricity company, citizens were urged to "shut off at least one of their heaters" so everyone in Serbia would be able to watch a Brazil-Yugoslavia soccer match on television yesterday evening. It was the first foreign match to be played since UN sanctions on Belgrade were eased in October.

Peace, goodwill and profits in Santa theme parks

Hugh Carnegie on how four Nordic countries have put the Christmas story to work for them

If you believe everything you hear in the Nordic countries, four Santa Clauses will be heading for your chimney stack tonight. Christmas may only come once a year but in the north the legend of Father Christmas is a year-round business that begs a rather sensitive question about where Santa really comes from.

In four countries - Greenland, Finland, Norway and Sweden - you can visit Santa centres where you can meet the "real" Santa Claus in his "real" northern fastness, tour his workshop and, of course, spend lots of money on souvenirs, in restaurants and on such suitable activities as taking a sleigh ride.

Everyone involved in Nordic Santa operations is a little coy about the inherent paradox in the proposition that there are four of the benevolent, bearded old men. Destroying the myth of a single Santa might upset an awful lot of children - not to mention damage a good business.

"We don't like to encourage rivalry between us," says Mr

Mauri Hakulinen, marketing director of Rovaniemi's Santa centre near Rovaniemi in the Arctic Circle. "It doesn't serve the children who want to fulfil their dreams. If people want to go to Norway or Sweden and are satisfied, then that's fine by us."

A colleague from another of the region's Santa parks puts it rather more succinctly. "Nobody can own Santa - but everybody can profit from him."

The competition may be discreet, but it has become real enough as the ambitions of the Santa centre operators have grown over the past decade. The least successful, with just 15,000 visitors a year - probably because of its inaccessibility - has been Greenland's Yuletide park, recently relaunched with a hefty government subsidy after going bust.

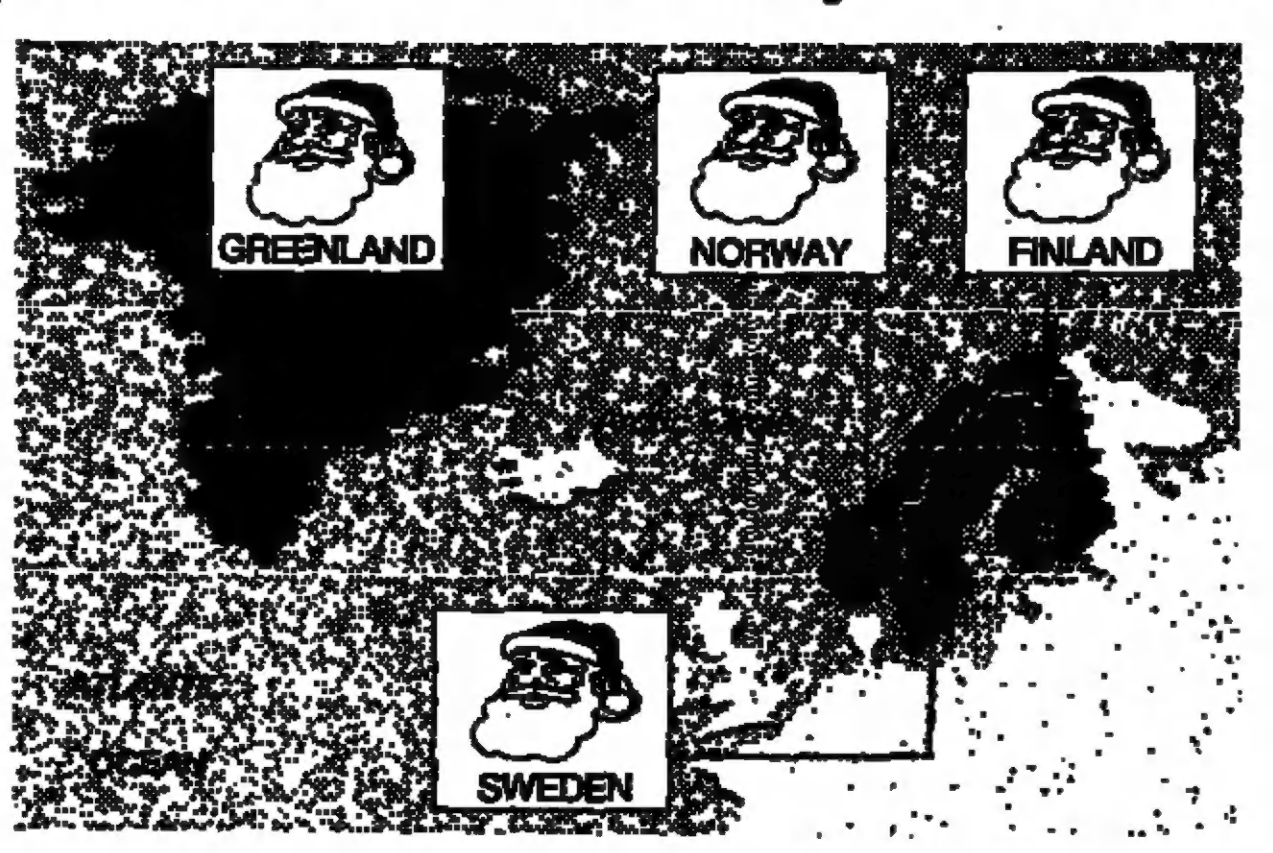
In Rovaniemi, the Santa attractions are part of a larger Arctic Circle Centre set up in 1986 as a focus of tourism in Finnish Lapland. It brings almost 500,000 visitors a year to its range of 30 shops, restaurants and other attractions.

Annual turnover is around Fmk20m (\$2m) a year but one of the ironies of the Santa business is that peak season is in the summer - winter is too dark and cold to attract many foreigners.

Rovaniemi has a reputation as the most overtly commercial of the Nordic Santa parks. Since it opened, travel agents have chartered a Concorde every Christmas to bring in families from the UK, often for a one-day visit.

But Santa World (Tombelund in Swedish) near Mora in central Sweden has also developed into a busy theme park since it was established in 1964, attracting 150,000 visitors a year and achieving turnover of SKr35m (\$5m). Mr Peter Wahlberg, the main owner, reports cheerfully that Santa World is "very profitable", although he declines to give a figure.

Apart from Santa's home and workshop - the latter housed in what is claimed to be Europe's biggest log cabin - the park offers everything from elf shows in the forest to skiing and, in summer, Santa's



golf course, Santa's swimming pool and Santa's campground. Yuletide (Christmas House), operated by Willy and Eva Johansson in Dröbak, just south of the Norwegian capital of Oslo, is a less extensive centre but still claims 250,000 visitors a year, including many from Japan, where Scandinavian Santas apparently have a strong appeal.

A big part of the Yuletide activities - as it is in the other Santa centres - is answering thousands of letters addressed

to Santa every year by children with their wish-list of Christmas presents.

The irony of the whole Nordic Santa business is that the legend of a benevolent Santa Claus conflicts with the original Scandinavian folk myth of a magical Christmas-time visitor.

The Norwegian "Nisse" and Swedish "Tomte" were evil figures who had to be appeased with gifts from each family. "The real Scandinavian Santa was a nasty, ugly little elf who

caused trouble all year round, letting the cattle out of the barn and other things like that," explains Mr Wahlberg. "You had to leave out sweet rice porridge and other offerings for him at Christmas-time so he would leave you in peace."

At some point over the past 100 years, however, this legend got confused with the Americanised version of a jolly fellow in fur-trimmed red costume who handed out presents to the world's children. This in turn was an adaptation of a Dutch winter-time tradition of Sinterklaas (St Nicholas) leaving gifts to children in a shoe on the night of December 6. The original St Nicholas was a 4th century archbishop who lived in Lycia, part of what is now southern Turkey.

Every Nordic Santa centre is aware of these uncomfortable details. But business is business. "To claim that Santa is here is a big responsibility," says Mr Hakulinen in Rovaniemi. "But it is a well known fact that Santa Claus travels with reindeer and up here in Lapland it is full of reindeer."

Custody for disgraced ex-Banesto head Conde

By Tom Burns in Madrid

Mr Mario Conde, who became Spain's celebrity financier in the late 1980s as chairman of Banco Español de Crédito (Banesto), was yesterday remanded in custody on charges of defrauding the banking group's shareholders.

The decision by a high court judge in Madrid to commit Mr Conde to prison came almost exactly a year after the Bank of Spain dismissed him as chairman of Banesto, along with the bank's 19-member board, alleging mismanagement, overspending and an excessive concentration of risk.

Mr Conde was transferred to the maximum security Alcala-Meco jail, near Madrid, after Judge Manuel

García Castellón had spent 40 hours this week questioning him over his business affairs.

A self-made billionaire, Mr Conde, 46, mesmerised domestic society as chairman of Banesto between 1987 and 1993 when he picked up a succession of awards as the most admired Spaniard of the year and became a role model for Spain's fledgling yuppie generation.

In Alcala-Meco he will join his close business associate Mr Arturo Román, jailed last week by Judge García Castellón in the same fraud indictment of former Banesto executives.

The indictment served by Judge García Castellón on Mr Conde and Mr Román involves a web of shell companies, some of which they

owned jointly, that allegedly sold companies to the group's industrial holding company, Corporación Banesto, at inflated prices.

A friend of the royal family (he hired a sister of King Juan Carlos as an executive of a Banesto cultural foundation) and widely viewed as a future prime minister (he acknowledged his admiration for Italy's Mr Silvio Berlusconi in a book he published this year), Mr Conde included among his flamboyant activities the creation of a Madrid Business School, a seminar in Moscow that had Spanish politicians discussing the transition to democracy, and a gathering of intellectuals in the Vatican to debate ethics in business.

He was dismissed, on December 28

last year, as Banesto chairman after a Bank of Spain inspection discovered that the bank had overvalued its Pta7,000bn (£244bn) assets by Pta500bn.

In April Banesto was acquired by Banco Santander after some Pta780bn in public and private moneys had been spent on relocating the troubled institution.

In the summer before his dismissal from Banesto, the bank raised nearly \$700m from the international markets in a rights issue co-ordinated by the US bank J.P. Morgan.

Mr Conde's arrest may mark the climax of a reaction under way for some months in Spain against those who made quick fortunes in the last 10 years, when the domestic

economy grew fast on the back of its liberalisation and Spanish membership of the European Union.

The former governor of the Bank of Spain, Mr Mariano Rubio, and the former head of Madrid's stock exchange, Mr Manuel de la Concha, were both held in preventive detention at Alcala-Meco in May on charges of insider share dealing before being released pending trial.

In October a Barcelona judge ordered the preventive detention of Mr Javier de la Rosa, the architect of multi-million-dollar investments in Spain by the Kuwait Investment Office, KIO, who is accused of defrauding his shareholders in companies that he owned. Santander sells 1 per cent stake, Page 9



Mario Conde: fallen celebrity financier

1520 من الاصل

INTERNATIONAL NEWS DIGEST

Fears over HK watchdog

Hong Kong's anti-corruption watchdog may have its powers reduced after an inquiry yesterday recommended transferring some to the courts and greater judicial oversight of its operations.

The Independent Commission Against Corruption (ICAC) has wide powers of investigation and is prohibited by law from publishing the results of its investigations. These powers have given rise to fears that after Hong Kong's transfer to China in 1997 they could be abused by the incoming government.

Any changes to the ICAC's powers, however, could strain further the already tense relations between Britain and China. Beijing has said in the past that it will not recognise changes to Hong Kong's law made this close to the colony's reversion to Chinese sovereignty. It has charged that Britain is simply seeking to "loosen the screws" of control and make it more difficult for the post-1997 administration to govern.

But the review committee, headed by Dr Helmut Schwen, chairman of the World-Wide Shipping group, yesterday said some of the commission's powers should be transferred to the courts. These include powers to obtain certain types of information, powers of search and powers to restrain the disposal of property. In addition, a suspect who has had his travel documents confiscated should be allowed to seek judicial review of the decision. At present his only right of appeal is the commissioner. *Simon Holberton, Hong Kong*

Israeli soldiers killed

Two Israeli soldiers were killed and seven wounded in heavy exchanges of fire with Shia Muslim Hezbollah guerrillas in southern Lebanon yesterday. Two Lebanese policemen died when an Israeli helicopter launched a missile at their car during a bombing raid three miles north of Israel's self-proclaimed security zone.

The clashes began when Hezbollah opened machine-gun and mortar fire at Israeli strongpoints and villages controlled by the pro-Israeli South Lebanese Army in the eastern sector of the nine-mile-deep security belt north of the international border. Israeli artillery fired back at Hezbollah targets. A military spokesman in Tel-Aviv claimed that they inflicted casualties but no details were available.

Israeli aircraft and helicopters also strafed Hezbollah strongholds north of the zone. Yesterday's fighting came amid intensified attacks on Israeli and SLA troops, in defiance of American efforts to revive Israeli peace negotiations with Lebanon and its Syrian patron. *Eric Silver, Jerusalem*

US pace of growth may ease

The US economy grew strongly last month, but the pace of growth could ease in the new year, figures for industrial orders and personal spending indicated yesterday.

The Commerce Department said new orders for durable goods rose 3.4 per cent between October and November, twice the increase projected by most analysts. However, two thirds of the increase reflected a surge in orders for transport equipment - a volatile sector. Excluding transport, orders rose 0.8 per cent and by 13.9 per cent in the year to November.

Consumer spending rose 0.5 per cent in real terms last month following a 0.6 per cent gain in October. Spending on durable goods surged for the second month running, increasing 1.9 per cent in real terms after a 2.3 per cent increase in October. Spending on services was more subdued, rising only 0.1 per cent.

The strong demand for durable goods, typically bought on credit, may reflect fears that short-term interest rates will rise sharply after Christmas as the Federal Reserve renews attempts to curb the pace of economic growth.

Yesterday's figures, however, raised doubts about the sustainability of personal spending. After-tax personal incomes fell 0.3 per cent in real terms last month, following a 1.3 per cent gain in October. The personal savings rate fell to 4.1 per cent, historically a very low level. *Michael Prouse, Washington*

Norwegian ministry accused

Norway's finance ministry tried to tamper with an investigation into alleged tax violations by central bank governor Mr Torstein Møland, a key official said yesterday. Mr Jan Gøstaas, head of the Oslo Tax Board overseeing the investigation, said a finance ministry official had attempted to change the way Mr Møland and others were being examined for allegedly breaking tax laws. "I know this from good and reliable sources," Mr Gøstaas, also a justice ministry official and a member of prime minister Mrs Gro Harlem Brundtland's Labour party, told Reuters. Mrs Brundtland's government survived a no-confidence vote last May after the opposition attacked its choice of Mr Møland.

Tax directorate official Ms Ingrid Tveit yesterday dismissed Mr Gøstaas' remarks, saying he had misunderstood a report.

The Oslo Tax Directorate is probing the role of Mr Møland and 148 others in K/S Airbus AS20, a limited partnership founded in 1990 for financing aircraft purchases. At issue in Mr Møland's case is whether he knew that a stake he held in the partnership was subject to a repurchase agreement at the time he bought it and thus did not qualify for tax breaks. Mr Møland, who has denied wrongdoing, invested Nkr75,000 (£7,000) in the project, claimed tax breaks and sold in 1991. *Reuters, Oslo*

Belgacom chairman named

The Belgian government has named Mr Michel Dusemme, head of the National Construction Confederation, as chairman of state telephone company Belgacom. Mr Lodewijk Egeertmont was named temporary chief executive officer until a final choice will be made by the second half of January. Mr John Gossens, chief executive of Alcatel Bell, is one of several candidates for the post.

A 14-member board for Belgacom, which became a limited liability company on Thursday, was appointed yesterday. The new board is made up of six private sector representatives including employers federation president Mr Georges Jacobs, three university professors and four executives of public companies.

Communications minister Mr Elio Di Rupo said in September he wanted to make a clean sweep of the board after management and political rows which delayed the partial sale and restructuring of the company. *Reuters, Brussels*

Finnish strike called off

An indefinite strike due to begin on December 26 in Finland's paper and pulp industry, the country's biggest exporting sector, was called off yesterday when employers and the trade unions accepted a settlement proposal by a state arbitrator. The Finnish Forestry Industries Federation complained that the 13-month agreement, giving an average 6 per cent increase in wages, eroded the sector's international competitiveness. But the award was significantly less than the 10 per cent union claim and rejected most union demands for a cut in working hours. The settlement, more than three times the current annual rate of inflation, will fuel fears of an inflationary upturn in Finland. *Rhys Carraghy, Stockholm*

Hochtief to build Greek airport

Greece's Socialist government said yesterday that it had picked Germany's Hochtief to build a \$2.3bn (£1.5bn) airport for the capital. Hochtief, a consortium that includes Flughafen Frankfurt/Main, will have a 45 per cent stake in the airport. The state will retain the other 55 per cent for 30 years, after which it will buy out Hochtief and take full control. The new airport will be built at Athens's eastern suburb of Spata and is expected to take 4½ years to build. It will initially be able to handle 16n passengers per year. The Socialists defeated a conservative government last year and scrapped an agreement giving Hochtief 60 per cent control of the new airport for 50 years and exclusive rights to exploit a large area of nearby state land. *AP, Athens*

Mexico put on negative credit watch

By Ted Barnacke in Mexico City

Mexico was placed on negative credit watch yesterday by the international rating agency Standard & Poor's, as both investors and the government struggled to make sense of the implications of this week's 39 per cent devaluation of the Mexican peso.

Ms Lacy Gallagher, Mexico analyst at S&P, explained that Mexico's long-term rating was likely to stay in the BB spectrum, but that the credit watch meant the current BB+ could be downgraded to BB or BB- in the next months.

"The basic question is how the gov-

ernment is going to manage the crisis in confidence that has arisen. We are going to be watching very closely how they follow through on the commitments [about economic policy] they have made to investors over the past few days," Ms Gallagher said.

Analysts said that, after the "hostile" meeting in New York on Thursday of 70 money managers and Mr Jaime Serra Puche, Mexican finance minister, confidence could only be restored if questions about inflationary pressures, privatisation revenues and monetary and fiscal policy were adequately addressed - something that did not happen in the meeting.

"The investors asked for complete details - with numbers and projections and everything - and frankly that is very difficult at the moment," said a senior Mexican finance ministry official. "We are going into brainstorming mode and, by the end of next week, we ought to have an outline that will be satisfactory."

The official said projections would be hard to make until the peso had stabilised.

The peso was revalued slightly yesterday, reaching 4.75 to the dollar at noon in very tight trading. The main Mexican stock market index was down 0.66 per cent at midday, but

analysts said it would not be a good reflection of confidence until the peso rate was stabilised and equity prices could be valued in dollars. Mexican stocks trading in New York were virtually unchanged at noon.

Analysts estimate that Mexico's budget will have to be cut by between 2 and 4 per cent of GDP, or approximately \$5bn (£3.2bn) to \$10bn, in order to make up for increasing interest payments on foreign debt and for lower tax revenues from an expected slowdown in the economy. Some of this gap will be closed by lowering resources available to development banks.

Privatisation revenue, generated by sales of existing electricity and petrochemical plants, is being touted as a potential saviour. Executives in those industries say they are interested, especially because serious bargains might be found, but that financing those purchases will be very difficult.

Inflation is the other problem, especially as merchants in Mexico City and on the US border began to ignore the government freeze and raise prices. "It's simply not clear how they are going to keep wages and price pressures down," said Ms Joyce Chang, analyst in the emerging markets group at Salomon Brothers.

A first saint for Down Under

Nikki Tait tells of an Australian woman about to be beatified

Candles will burn a little more brightly this Christmas in Penola, a small town in rural South Australia.

A 19th-century nun called Mary MacKillop, whose quarrels with the Roman Catholic Church prompted a temporary excommunication, is due to be beatified by Pope John Paul II in Sydney next month. She will become Australia's, and Penola's, first saint.

Mary MacKillop - or Sister Mary of the Cross, as she was known - looks likely to prove a popular figurehead. In a country which has always admired gritty pragmatism rather than cloistered intellectualism, and has a soft spot for well-meaning rebels, she fits the bill nicely.

The elevation is timely. Despite the general decline in institutionalised religion in many western countries, Australia is one place where Catholicism appears to be on the rise. More than 27 per cent of Australians, or 4.6m people, gave this as their faith in the 1991 census, making it the country's largest religion.

This was not always the case. In the mid-1970s, for example, the number of Anglicans outstripped Catholics, despite the country's Irish and southern European links. But Australia's population rose by about 24 per cent in 1978-91, while the number of Catholics increased by a third.

Her gender also may help the Church. As Ms Janet West, an Anglican historian, pointed out recently: "The Catholic Church has witnessed an erosion of support from younger women accustomed to greater equality in society at large."

What's more, Mary MacKillop's elevation is seen in some quarters as a further sign that Australia is "coming of age." Debate over the country's constitutional ties to the British



Mary MacKillop

Picture courtesy of the Sisters of St Joseph

identity. "The elevation is timely. Despite the general decline in institutionalised religion in many western countries, Australia is one place where Catholicism appears to be on the rise. More than 27 per cent of Australians, or 4.6m people, gave this as their faith in the 1991 census, making it the country's largest religion."

These are plainly secular matters but the notion that the country should have its own saint plays to the same sensibilities.

"Beatification... will be one more sign of Australia's maturity," concluded Lesley O'Brien, author of a recently published biography of MacKillop.

They established the Order of the Sisters of St Joseph, with the aim of bringing Catholic education to poorer communities. Later, they opened women's refuges and orphanages.

Sweeping reshuffle in S Korea

By John Burton, Seoul Correspondent

South Korean President Kim Young-sam yesterday replaced more than half of his cabinet in a sweeping reshuffle meant to revive his faltering administration. It is the biggest cabinet shake-up since the Kim administration took office in February 1993, with 15 of 23 ministers being changed.

Key appointments indicate that the president is determined to push through economic deregulation, while signalling what may become a tougher attitude toward North Korea, in spite of the recent nuclear agreement that Pyongyang signed with the US.

The reshuffle had been expected after Mr Kim, earlier this month, ordered a reduction in the bureaucracy, eliminating several ministries.

The president's popularity has fallen in the past 18 months from an approval rating of 90 per cent to less than

40 per cent, as his programme of economic and political reforms has lost momentum. The administration has also been damaged by corruption scandals and public disasters such as the recent collapse of a Seoul motorway bridge in which 32 people died.

Mr Hong Ja-hyung, deputy prime minister for the economic planning board (EPB) and earlier a finance minister in the Kim administration, will become the head of the country's new enlarged economic ministry, the Finance and Economic Board. This powerful agency is a product of a merger of the EPB and the finance ministry, approved by parliament yesterday.

Mr Hong's appointment "reflects the president's intention that the EPB take over the finance ministry, rather than vice versa," said a presidential aide. The EPB is considered a stronger supporter of financial liberalisation and economic deregulation than the conser-

vative finance ministry.

Mr Park Jae-yoon, current finance minister, will replace Mr Kim Chul-su, trade and industry minister.

Mr Park was chief economic adviser to the president before becoming finance minister in September. He is considered one of the main architects of the economic reform programme.

In foreign affairs, Mr Han Sung-joo, seen as a moderate on the North Korea issue, was replaced as foreign minister by Mr Gong Ro-myung, a career diplomat and now ambassador to Japan. Mr Gong's appointment represents a victory for foreign ministry officials, who did not fully accept Mr Han because he was an academic rather than a diplomat.

Mr Lee Hong-koo, deputy prime minister for unification, who was appointed the new prime minister last Saturday, is regarded as the only remaining voice in the cabinet to be urging a conciliatory

approach to North Korea.

His replacement as unification minister, who is responsible for inter-Korean relations, is Mr Kim Deok, current head of the intelligence organisation. The agency for national security planning, and seen as a hardliner on North Korea.

The US-North Korean nuclear accord has been criticised by South Koreans for offering too many concessions to Pyongyang, including western aid and US diplomatic ties, in return for dismantling its nuclear programme.

The military is also gaining influence in the cabinet after Mr Kim, a former dissident, had distanced himself from the armed forces which controlled South Korea in 1981-87.

Mr Kwon Young-hae, a retired army general and former defence minister, will become the new head of the intelligence agency. Air force General Lee Yang-ho, chairman of the joint chiefs of staff, will be the defence minister.

Argentina opts for austerity to keep parity

By David Pilling in Buenos Aires

Mexico's economic convulsions have produced a swift and emphatic response in Argentina, where President Carlos Menem announced a policy of "total austerity" and vowed to maintain, at all costs, the dollar-peso parity enshrined in law since April 1981.

"We are not Mexico and we will not devalue. Argentina will not vary its path in the slightest degree," he said late on Thursday, after his unprecedented attendance at the National Economic Council.

Mr Domingo Cavallo, economy minister, announced a series of emergency austerity measures aimed at calming international investors, after fears of repercussions from Mexico had sent shares and bonds tumbling and had led to a near-tripling, to 25 per cent, of short-term interest rates.

Argentina would emit no new debt of any kind while interest rates remained high. Mr Cavallo said. Far from "flexibilising" the convertibility plan - by which the law mandated the peso to the dollar and forbids the Central Bank from issuing unbacked local currency - Argentina would make it "more rigorous and pure", he said.

To show its resolve, the government would cut \$1bn (\$645m) from the \$42bn draft budget next year.

"We are going to demonstrate that we will maintain the rules of the game and - within a few weeks, or perhaps months - the international financial community will see that we are capable of facing up to such adverse circumstances," the minister said.

By noon yesterday, the Merval blue-chip index of the Buenos Aires stock market had recovered by 1.7 per cent, after losing 10.6 per cent in the previous three days.

However, some analysts were not convinced by Mr Cavallo's performance. Mr Juan Arranz, country manager at Santander Investment, described the emergency measures as a "show". Of Mr

Cavallo's pledge to issue no new debt, Mr Arranz said: "It is not that he won't borrow any more money; it's that no-one will lend him any."

Mr Cavallo warned against "simplistic" attempts to draw parallels between Mexico and Argentina. Some analysts had done just that last December, he said, when they had compared riots in Santiago del Estero, in northern Argentina, with the Chiapas uprising in southern Mexico last January.

A year later, Chiapas was still in turmoil whereas Santiago del Estero was calm. "Politically, socially, economically and financially, Argentina is not Mexico," Mr Cavallo said.

Mr Menem, who will not welcome having to take austerity measures so close to the presidential election next May, has shown, even so, his commitment to the convertibility plan, which has brought inflation down to below 4 per cent a year and spurred rapid economic growth.

Mr Nicolas Grose-Hodge, chief manager at Lloyds Bank in Argentina, said: "There is no possibility that the government will devalue - it would lose them the elections. The whole credibility of the administration is based on the stability of the currency."

He also backed the Central Bank's decision yesterday to suspend, for the second day, all repurchase agreements (short-term peso loans) after a sharp move into dollars on Wednesday. In December as a whole, however, demand for pesos has caused the Central Bank to buy a net \$42m in dollars, suggesting there is, as yet, no pressure on the peso.

Mr Grose-Hodge said that Argentina's bimonthly system "makes things easier in the sense that people still have access to dollars irrespective of what the peso is doing." Because the dollar has an important presence in Argentina's financial system, where about half of deposits are in the US currency, high peso interest rates need not have an immediate effect on economic activity.

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NEWS: UK

BSkyB and Reuters on verge of partnership

By Raymond Snoddy

British Sky Broadcasting, the satellite television company, and Reuters, the news and information group, are on the verge of an international television partnership deal.

The deal, expected to be finalised early next year, will give Reuters - an organisation with an illustrious brand name in international news in text form - its biggest push so far into television.

For BSkyB, the link will help to

cut the \$20m-a-year cost of the loss-making Sky News, the 24-hour satellite service, while greatly expanding its network of correspondents.

The partnership will also provide the platform for Sky to go international and challenge both Independent Television News and the BBC, which is expanding globally through BBC World, a 24-hour satellite television news service.

Earlier this year, Mr Sam Chisholm, chief executive of BSkyB, a consortium in which Pearson, owner of

the Financial Times, is a significant shareholder, confirmed he had been talking to ITN but emphasised that the organisation was only one of a number of potential partners.

ITN was offering to supply Sky News in its entirety, under contract for BSkyB - something that would have seriously hit jobs at Sky News.

The precise structure of the BSkyB/Reuters partnership is still being negotiated although it is believed to be unlikely that it will be a simple 50-50 deal.

One of the main possibilities that could flow from a formal agreement between the two is a central challenge to ITN in the UK market.

Under the 1990 Broadcasting Act, the Independent Television Commission has to decide by the end of next year how many news suppliers there should be for commercial television.

At the moment ITN, chaired by Mr Michael Green, the Carlton Communications chairman and chief executive, is sole news provider to both ITV and Channel 4.

The commission will review ITN's performance towards the end of next year and decide whether there is room for competition from a second commercial television news supplier.

A Sky News-Reuters partnership could become a credible rival to ITN and might be supported by a number of ITV companies which are not ITN shareholders. They would have an obvious commercial interest in at least using the threat of competition to reduce the cost of news supply.

In the international arena, the possibilities range from a special version of Sky News aimed at the Asian market through Mr Rupert Murdoch's Star satellite television service, to going on DirectTV, the recently launched digital satellite television system covering the US.

Reuters is already in the television news agency business through Reuters Television, formerly Viasat, and more recently has expanded into specialised financial television for European dealers and market-makers.

Mayhew hints at big cut in RUC

Sir Patrick Mayhew, the Northern Ireland secretary, has hinted that the Royal Ulster Constabulary may eventually be cut to little more than a quarter of its present strength, David Owen writes.

He told the Yorkshire Evening Press that the province's policing needs "in ordinary times" might be "of the order of 3,500", compared with 12,000 officers at present.

But Mr Ken Maginnis, security spokesman for the moderate Ulster Unionist party, said he thought Sir Patrick was "way out".

He said the existence of "mafioso-style" protection rackets and drug trafficking meant the province needed at least 7,500 police officers. He said he doubted if a reduction to even this level would be achieved in the next five years.

The Rev William McCrea of the hardline Democratic Unionist party said Sir Patrick was talking about a "hypothetical situation". He added: "There is not a genuine peace."

Nuclear levy to be held at 10%

Nuclear Electric, which operates nuclear power stations in England and Wales, has agreed to postpone revenue from the nuclear levy in order to prevent an increase in the controversial tax on electricity bills.

Professor Stephen Littlechild, the electricity regulator, announced yesterday that the levy would remain at 10 per cent for another 12 months even though receipts were running \$300m behind plan.

Prof Littlechild said the levy should have gone up to 15 per cent next April to make up the shortfall. Nuclear Electric was willing to forego an increase because it had enough short-term cash.

Yesterday's announcement means it is unclear how the shortfall will be recovered. It could foreshadow a much steeper increase in the levy in 1997-98. However Prof Littlechild said that he hoped an increase would not be necessary.

Capital spending increases by 1%

Total capital expenditure by all UK industries increased by a real, seasonally adjusted 1 per cent between the second and third quarters and was 3 per cent up on the third quarter of last year, estimates from the Central Statistical Office show.

In a separate announcement, the CSO disclosed that the level of stocks and work in progress in the production and distribution industries rose \$418m (at 1990 prices and seasonally adjusted) in the three months to the end of September after a rise of \$454m the previous quarter.

Abbey predicts confidence boost

Strong economic growth and falling unemployment will increase confidence among homebuyers, Abbey National bank predicted yesterday.

It forecast a rise in average house prices of up to 4 per cent, although with significant regional variations. Turnover would rise to 1.3m transactions from about 1.25m in 1994. Abbey National also predicted that base rates would be about 7.25 per cent next December and that the standard variable mortgage interest rate could be above 9 per cent.

Abu Dhabi close to health contract

An offshoot of the Abu Dhabi government is expected to be named preferred bidder for Health Care International, the private hospital near Glasgow which went into receivership in November, only four months after it opened.

Mr Murdoch McKillop, the joint receiver, is close to finalising an agreement with the Abu Dhabi Investment Company, a subsidiary of the official Abu Dhabi Investment Authority.

Nightmare before Christmas on the QE2

Neil Buckley, Richard Tomkins and William Lewis on the trials and tribulations of passengers

Early last Sunday Andrew Lennox was cold, stiff and fed up. After sleeping for three hours in a corridor, he got up, adjusted the hard hat he had put on for safety, and set off to find somewhere more comfortable.

A sign saying Purser's Office reminded him where he was. This was not an unfinished Spanish hotel but the Queen Elizabeth 2, the world's most famous passenger liner and what the chief executive of Cunard, its owner, would later call a "national heritage monument".

As Mr Lennox wandered deeper into the ship, it hardly resembled a monument. Cables and pipes protruded from holes in the ceiling, building equipment was strewn everywhere and cabin furniture stacked in open spaces. Some passengers without cabins were sleeping on mattresses, while some of the 400 workers still on board were making themselves comfortable as best they could.

Later this week, as news of conditions on the QE2 filled the newspapers, what started as an inconvenience for passengers turned into a public relations disaster for the liner and its operator. The reputation of the British ship outfitting industry was also threatened as tales of the "Horror Cruise" emerged.

For Mr Lennox, the priority was getting to sleep. Spying an empty cabin on 3-Deck which at least had a bed in it, he lay down. Not the ideal start to his 30th birthday.

It was also not the way Cunard executives had planned the QE2's \$20m refit. Twenty-five years after the liner's maiden voyage, the refurbishment was supposed to prepare it for the 21st century.

"We had to invest in the vessel or take another course," said Mr Robin Wilkins, Cunard's commercial director. The "other course" was building a new liner.

In addition to structural alterations, all 863 cabins - 720 with en suite bathrooms - were to be re-equipped; three restaurants, the casino and the library rebuilt; and two new nightclubs and a pub constructed.

To save on the costs of keeping the liner in dry dock, the refit was to be attempted in just a month. Although workmen would be on board from July, the ship would be out of service only from November 14 to December 14 - leaving it

ready to sail on its Christmas cruise on December 17.

That meant thousands of workers from more than 50 companies being flown to Hamburg's Blohm & Voss shipyard to work to a complex timetable. Cunard admitted the programme was ambitious but said it was achievable.

"All the contractors knew what they were undertaking and were prepared to tender for it. They convinced us they could finish on time," said Mr Michael Gallagher of Cunard.

By late November, the QE2 was in dry dock and virtually unrecognisable, buried under a mass of cables, cranes, ladders and workers. On December 13, as planned, it sailed for Southampton, the vast majority of the work complete.

But inside, a small number of contractors had fallen behind. When the ship docked in Southampton the next day, Cunard officials were alarmed at the state of the cabins and neighbouring corridors, but said they were assured by contractors that hundreds of men working round the clock could transform the ship in just a few days.

On Friday December 16, further inspections convinced Cunard officials that not everyone due to sail on the QE2 the next day could be accommodated. Determined not to cancel the cruise, Cunard decided to contact some of the passengers and offer compensation if they abandoned their trip.

"We felt we had a duty and obligation to fulfil the holiday requirements over the Christmas period. We felt it was very important to stick to that schedule," said Mr John Olsen, Cunard's chief executive.

Only 300 passengers could be contacted. Several hundred others arriving in Southampton the following day faced an unpleasant shock.

Most passengers knew nothing of the problems. They checked in about 2pm and settled down in the passenger lounge to wait for the 5pm departure.

At 4.30pm, Cunard announced there had been a short delay and the ship would sail at 8pm. Boarding began with round-the-world cruise passengers escorted on first.

Two hours later, stewards entered the lounge where almost 300 passengers were still waiting and made an announcement: owing to delayed completion of refitting work, insufficient cabins were



Cunard chief John Olsen (top) offered QE2 passengers their money back in compensation. The press were in New York to greet them when they disembarked (right)

available and no more passengers could be taken on board. "That was perhaps the worst moment of all," said Mr Lennox. "There was absolute chaos."

The next few hours passed in confusion, as 190 passengers agreed to go home in return for a full refund, and a free cruise next year, plus \$250 spending money. Added to the 300 whose holidays were cancelled the day before, that made 490 passengers left behind.

Another 80 insisted on boarding the ship anyway, knowing their cabins would not be ready. The ship sailed

entrance, no carpet, and building materials in the middle of the floor.

"Eventually we went to the purser's office and they told us the ship was about to sail, so we threatened to jump across and grab him by the throat and said they had to stop that ship sailing until we had satisfaction."

Mr Coad and his wife were taken to another cabin that at first seemed acceptable but had no running water. "It was three days before we got running water and 3 1/2 days before the toilet would flush," Mr Coad said.

"We felt we had a duty and obligation to fulfil the holiday requirements over the Christmas period. We felt it was very important to stick to that schedule."

Cunard's chief executive John Olsen

"It was three days before we got running water and 3 1/2 days before the toilet would flush"

passenger Andrew Coad

six hours late at 11pm, with many still looking for somewhere to sleep.

Many of the public areas, as Cunard claimed, had been finished to a high standard. But in some areas, especially towards the rear of the ship and on 3-Deck, conditions resembled a "building site".

Mr Andrew Coad, a Briton living in Montclair, New Jersey, said: "The higher up the deck, the less dissatisfied people were. The predominant problems appeared to be on 2-Deck and 3-Deck."

Mr Coad, who ended up on 3-Deck, said he and his wife were originally given a room that had water slopping in the

Mrs Katherine Justice, 70, and her friend Mrs Megan Taverer, 73, said they were both suffering from sickness and diarrhoea, but their cabin had no water, no air conditioning and no flushing toilet.

"We washed in a carafe with two flannels," Mrs Justice said. "They gave us a wine carafe - they put that in there, with ice - and as soon as the ice melted, we used our flannels to wash."

"It's horrific what happened to us. We are not the nouveau riche. It's a dream, isn't it, the QE2 - somebody kind and loving to look after you every need. We couldn't even get water."

Mr Stewart Marville, a 67-year-old museum archivist from White Plains, New York, said: "I think the basic problem was that the plumbing job was done in too much of a hurry. Several times a day you would hear the announcement 'Niagara! Niagara! Niagara!' which meant that the special team that was there to stem the leaks would come running."

"When I first got on, my toilet worked, thank God. But I was helping a contractor find bedrooms for some of his workers, and we tried several cabins where the toilets weren't working. Eventually we figured out that if you took the douche spray from the bath and sprayed it into the toilet, you could make it flush."

To cap everything, the QE2 ran into force nine gales shortly after leaving Southampton. Seasickness among passengers and workers caused further delays to refitting, and on Tuesday another 158 UK passengers due to join the cruise in New York had their holidays cancelled. Cunard's nightmare was worsening.

Back in London, Cunard found the spotlight trained on its handling of the affair. Industry observers believe it made many mistakes. The first was going ahead with the cruise.

A hotel company executive aboard the ship said: "The best option would have been to cancel the cruise, apologise and give everyone their money back."

A second mistake was the failure to take on public relations consultants, but rely instead on Cunard's two beleaguered press spokesmen to handle hundreds of calls from the world's media.

"They should have taken on a good agency and begun a massive damage limitation exercise as soon as the problems began last Saturday," said a PR consultant.

Perhaps the biggest mistake, having allowed the cruise to go ahead, was to fail to make any apology or compensation offer to passengers as they crossed the Atlantic.

"That was what really irritated us," said Mr Lennox. "We never got any kind of apology from Cunard. But we knew people left behind had already been offered compensation."

"We have no complaints about the crew, who were absolutely marvellous," he added. "But Cunard's attitude was terrible."

Disgruntled passengers met the liner's captain, Ron Warwick, last Tuesday and asked him to secure an apology and compensation offer from Cunard.

On Wednesday, at an angry meeting with about 250 passengers, Capt Warwick reported that Cunard had simply advised passengers to write to their nearest Cunard office when they arrived home.

Some passengers were incensed. About 150, of whom Mr Lennox emerged as leader, threatened a sit-in in New York until Cunard directors came on board with offers of compensation.

Not all passengers agreed on the action to be taken, however. Speaking from the ship on Wednesday, Mr Peter Ludlow, a passenger travelling with his girlfriend on a \$7,500 cruise, remarked: "It's all getting quite factional here, among the passengers. It's getting a bit like Bosnia."

The next day Cunard began its fightback. Mr Olsen gave a press conference in New York to confirm he would meet the ship.

As the QE2 docked in New York on Thursday night, 11 hours late but in a better condition than it had left Southampton, Mr Olsen was waiting with soothing words, an offer of reimbursement for the transatlantic leg of all passengers' journeys and 25 per cent off another Cunard cruise. The threatened sit-in was averted but yesterday passengers faced further delays after the US Coastguard refused to give the ship a safety certificate.

US passengers were reported to be planning a class action suit which, if successful, could cost Cunard millions of dollars. In total, the company already faces the cost of reimbursing about 1,000 passengers who had paid between \$500 and \$5,000 for transatlantic cruises and of providing many with free cruises next year.

There may also be longer-term effects, both for Cunard and other cruise operators. "The cost in terms of consumer confidence in the company could be high," said Mr Keith Betton of the Association of British Travel Agents.

However, Mr William Gibbons, director of the Association of Passenger Shipping, did not believe the QE2's problems would damage the image of the cruise industry.

"People perceive the QE2 as a one-off, prestige vessel," he said. "Generally people have a high opinion of cruise holidays and they have short memories. They will have forgotten about this in a few months." Those who travelled on the ship might not forget so quickly.

Mr Ashworth is campaigning for Britain to leave the Common Fisheries Policy and claims support from 75 per cent of the nation's fishermen.

Mr Bullis said the deal would force the British fleet to ignore quotas and other regulations to survive.

Mr Waldegrave said: "I'm not saying this deal is perfect. But at the beginning of the week we would have been rather happy to know we were going to get this much."

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Training body's failure reveals funding minefield

By Motoko Ritch

The appointment of receivers by the Department of Employment at South Thames Training and Enterprise Council on Wednesday singled out the Tec for weak financial controls and trading losses. But it also illustrated some of the funding pressures that are faced by the employer-led training bodies.

Leaders of Tec's, which administer government training in England and Wales, say they operate under one of the most rigorous funding and auditing regimes in the public sector.

Tecs are audited up to five times a year - by the Department of Employment head office, one of its regional offices, the National Audit Office, the European Commission and Companies House.

The 82 Tec's are set up as companies and receive most of their funding - a total of about

\$2bn a year - from the government. But unlike quangos, which are funded by grants, Tec's are paid in arrears for services delivered.

The Tec's act as purchasing authorities, contracting with private-sector training providers to deliver services such as Training for Work, the scheme for the unemployed.

If a Tec fails to meet the targets that it sets with government, it does not get paid. It must also prove that the contracted services have been delivered before payment is received.

It is understood that South Thames Tec has lost \$2m over the past eight months, primarily because it did not provide satisfactory evidence of its claims to the government.

Ms Gwyneth Flower, chief executive of Centac in London, said the claims evidence had to come from training providers, and therefore financial control

was crucial. "The principal threat I would see in a Tec is if it does not manage its contractors effectively."

Tecs must also provide extra services - such as childcare - which the government does not fund.

These are paid for with the surpluses they make on government-funded programmes. They find contractors to provide training for less than the amount the employment department would pay the Tec for the service.

It is believed that South Thames Tec was trying to provide services it could not afford as it was not making a surplus.

Mr David Liddell, acting chief executive who replaced Mr Michael Hanson when he resigned in August, said: "We would have been spending over the budgeted government income deliberately because we thought we had surpluses from the previous year."

Fishermen angered by Spanish deal

By Deborah Hargreaves

Fishermen yesterday voiced their anger at the deal agreed by European Union ministers to allow Spanish trawlers increased access to coastal waters around the UK.

Mr Geoff Bullis, a Newlyn fisherman and director of the Cornish Fish Producers Association, said: "We've been totally screwed. How much more bad language can you listen to?"

He added: "The Spanish fleet will destroy whatever stocks of fish are left out there."

Under the deal agreed by ministers on Thursday night, Spain will be allowed access to the Celtic Sea - between south-east Ireland and south-west England - and will be able to send 40 trawlers to the sensitive Irish Box, the waters around south-west Ireland where many fish have their breeding grounds.

Mr William Waldegrave, agriculture minister, abstained on the vote which agreed the compromise deal. He succeeded

in excluding Spanish trawlers from the Irish Sea and the Bristol Channel but Mr John Sayles, a Shetland fisherman, said: "This is just a stepping stone, soon they'll be claiming access to the North Sea."

Mr John Ashworth, who runs the Save Britain's Fish campaign, said increased access would lead to cuts in British fishing capacity. "This won't happen overnight, but surely, the Brits will have to go in order to make room for the Spanish."

Mr Ashworth is campaigning for Britain to leave the Common Fisheries Policy and claims support from 75 per cent of the nation's fishermen.

Mr Bullis said the deal would force the British fleet to ignore quotas and other regulations to survive.

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LME member fined £60,000 for rules breach

By Kenneth Gooding, Mining Correspondent

The London Metal Exchange has imposed a fine of \$60,000 on Sueden (UK), part of the Compagnie Financière Sucres et Denrées (CFSU) group of France. It is believed to be the first substantial fine imposed by the LME's disciplinary committee under its self-regulatory system.

The LME said that its rules had been breached in May when Sueden (UK) had applied to change from associate membership to one of the LME's 15 ring-dealing members. Sueden (UK) had not disclosed that CFSU was looking for a partner - and possibly a majority shareholder - in Terminvest, its immediate parent.

The exchange's rules insist that every applicant for change of membership status should disclose all material information, including any possible change in ownership, even of a minority interest, in an immediate parent company.

The LME said its fine would have been more severe were it not for the fact that the offence was one of omission and "no statement of fact was made to the LME which constituted a positive misrepresentation by Sueden".

There were also circumstances that "rendered the failure to disclose partially excusable".

Negotiations took place for the Winchester Commodities group to take over Sueden (UK) after it gained ring-dealing status, but these were called off at the end of November.

CFSU recently restructured its futures trading operations and said Sueden (UK) was no longer for sale.

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■ Allegations of cover-up denied ■ Conviction rate defended ■ Overhaul of fraud detection anticipated

SFO chief defends its actions over Guinness

By Jimmy Burns

Mr George Staple, the director of the Serious Fraud Office, yesterday defended the actions of the SFO in the Guinness trial and said it would fight the appeal involving the four original defendants.

He strongly refuted allegations of a cover-up made earlier yesterday by Lord Spens, another Guinness defendant. He told the Financial Times: "What Lord Spens is saying is pretty extravagant stuff. It's not true. We are not here to deny people's human rights. We are here to ensure, so far as we can, that people have a fair trial."

He added: "Of course we are here to secure convictions where we believe somebody has committed fraud...but we are not here to win at all costs. We are here to ensure that the court receives the fullest information so that ultimately the jury can decide."

The appeal relates to a claim that the SFO withheld material evidence from the four defendants in the first Guinness trial. Mr Staple was not in charge at the SFO when the case was put together but he yesterday assumed full responsibility on behalf of his organisation. He said the office had taken the view at the time of the first Guinness trial that material showing that share support operations, of the kind practised in the Guinness case,

were common practice in the 1980s was not relevant.

"Only when Lord Spens' trial began, did it become apparent that the material was relevant to his defence and it was produced," he added. "It was produced entirely voluntarily. There was no suppression in any sense."

A successful appeal could open up claims for an unprecedented amount of compensation. Based on the fines given to the defendants, and additional claims for personal and associated business losses, some estimates yesterday were putting these at between £20m and £40m. Mr Staple said: "It sounds to me a huge amount of money to compensate anybody for but I can't say whether it is right, near right, or wildly exaggerated."

He also defended the SFO's conviction rate - he put it at 80 per cent of cases against the Labour party's estimate of 40 per cent.

A draft report on the future of the SFO is soon to go before government. Mr Staple seemed to anticipate an overhaul in the way fraud cases would be dealt with in the future.

He said some cases that the SFO prosecuted through the criminal courts could in future be dealt with by City tribunals.

He refused to accept however that Guinness had sounded the death knell for the SFO after other setbacks such as the Blue Arrow case.

By William Lewis

One of the main elements of the Guinness Court of Appeal applications is a little-known December 1988 tribunal report into TWH Management, a licensed share dealing company.

The tribunal, chaired by former circuit judge Lord Grantchester, was held to consider an appeal against a Department of Trade and Industry ruling that the company be stripped of its licence.

The tribunal sat in private to consider a series of share transactions carried out by TWH involving indemnities against possible losses given to the purchaser of the shares.

It examined seven cases of indemnified share support operations being used at about the same time as Guinness's £2.6m takeover for Distillers in January 1988. One of these was TWH's own involvement in the share support scheme used in the Guinness takeover.

The Tribunal judgement was known to the Serious Fraud Office at the time of the first Guinness trial in 1990, but the SFO failed to make it available to the defendants.

Lawyers of the four men who were convicted at that trial, including stockbroker Mr Anthony Parnes and entre-



The report was produced in the trial of former merchant bankers Roger Seelig (left) and Lord Spens

preneur Mr Gerald Ronson, believe that had the tribunal report been made available to them, it would have made a material difference to the conduct of their defence.

The tribunal report came to light during the second Guinness trial in 1992 which involved Mr Roger Seelig, former director of Morgan Grenfell, the merchant bank, and Lord Spens, former director of Henry Ansbacher. That trial was abandoned due to the ill-health suffered by Mr Seelig, but Lord Spens, who was subsequently acquitted, believes

disclosure of the tribunal report would itself have led to the case being dismissed.

"There is nothing wrong with indemnities," Lord Spens said. "But the existence of the report had been well and truly hidden."

In a letter to the Financial Times in June, Lord Spens said: "The evidence and judgement of this tribunal were kept secret by the government for some three years (for reasons that will become abundantly clear) and not revealed to the defence in the second Guinness trial until forced out

of the prosecution on the evening of the 54th day."

Lord Spens wrote: "I am satisfied that, had this evidence been made available to the first Guinness trial, it too would have collapsed and none of those defendants would have been convicted."

The TWH tribunal considered six cases involving indemnities given to the purchaser of shares:

● October 1988: an indemnity to cover purchases of United Newspapers shares to assist that company in its takeover bid for Fleet Holdings.

● February 1988: an indemnity to cover BPCC share purchases.

● April 1988: indemnities to cover purchases of Exel shares to assist in the takeover of CFE Publications.

● June 1988: indemnities to cover purchase of Next shares during its bid for Grafton.

● September 1988: indemnities to cover purchases of Lowe Howard Spink Bell shares to assist in its takeover bid for Good Relations.

● September 1988: indemnities to cover purchases of Allied Plant shares to assist in its takeover bid for George Dew.

Directors of TWH claimed in interviews with the SFO that they believed that such practices were proper and common.

In the tribunal report, Lord Grantchester concluded that "there is nothing intrinsically improper in the purchase and sale of shares in the market under an indemnity arrangement entered into between the dealer and a third party. In principle there is little or no difference between such a transaction and a purchase in the name of a nominee."

The tribunal recommended to the trade and industry secretary that TWH's licence should not be revoked.

Queen's broadcast goes on Internet

By Raymond Snoddy

Christmas television is going to be launched in cyberspace for the first time on Christmas day with the Queen's broadcast leading the way.

In what is claimed to be the first rudimentary television schedule to be transmitted on the Internet, a London consultancy called Interid is offering three hours of Internet television for devotees of the web.

After the midday launch fare, the Christmas schedule will get under way with *Xmas With the First Family* - breakfast with Mr and Mrs Clinton courtesy of the White House pages of the Internet World Wide Web.

Then it's Herbie Hancock live from Japan via a feed from NHK, the Japanese broadcasting organisation. The Queen will be broadcast later - one minute after the real thing.

Internet users with special software - CU-SeeMe - will be able to see the schedule with the majority of viewers likely to be in California and Japan.

University College London has helped by making bandwidth available to the service.

Labour urges curb on 'board excess'

By David Owen

Labour yesterday outlined proposals for clamping down on what it says is excessive executive salary increases. It claimed that all 12 regional electricity company chairmen had made £1m out of privatisation.

Mr Gordon Brown, shadow chancellor, said the government was "vulnerable to defeat...over the issue of boardroom excesses" during debate on the finance bill.

He called for the following proposals to be adopted:

- Executive share options should be taxed as income.
- New powers should be

given to regulators enabling them to cut prices where there are "boardroom excesses".

● More information should be provided in company accounts on "pay perks and handouts" to top directors.

● Remuneration committees should be opened up to make them "more representative".

Mr Brown said the proposals would force ministers to "come off the fence on the scandal of salary excesses in the privatised boardrooms". His attack came as Labour released figures indicating that 68 electricity company directors held share options entitling them to notional profits of an average of nearly £500,000.

'Late thrust' by shoppers dispels sluggish mood

By Our Regional Staff

Shoppers have been out on the high streets and in the retail centres with growing enthusiasm over the last two weeks, in contrast to predictions of gloomy Christmas trading.

The pattern has varied but the evidence points to what Mr George McDonald, manager of Eldon Square in Newcastle, called "a late thrust". Yesterday afternoon he said that the number of shoppers was rising: "It's stronger at this point than in the last two or three days and it's still building."

In London Mr David Elliott, merchandise director at Selfridges department store, said: "We have had a brilliant Thursday and a brilliant week." At Brent Cross in north London, Mrs Mary Cullen, the marketing manager, said: "We would normally see around 250,000 people a week but this week there have been 300,000 to 400,000."

Transax, which provides a cheque guarantee service to 48,000 UK retailers, has noted the build-up. In the four weeks to last weekend, the value of cheques it guaranteed was 6.8 per cent higher than in 1993, this week the value has been growing at 3 per cent a day.

Steady increases in business have been particularly marked at the newer regional shopping centres. At Meadowhall in Sheffield the number of visitors rose 14.7 per cent between mid-September and mid-December, while last Saturday was a record day.

The number of visitors at Merry Hill in the west

Midlands during the Christmas trading period has been 5 per cent higher than in 1993 and they have spent 14 per cent more. At MetroCentre, Gateshead, there has been a 15 per cent rise in the number of visitors. Mr Ron Woodman, MetroCentre marketing manager, said: "We have backed the trend."

Smaller centres also claimed to have bucked the sluggish trade trend. "We have found it an exceptional Christmas with most retailers trading up to 30 per cent better than last year," said Mr Colin Antrobus, manager of the Regent Arcade in Cheltenham. People were waiting two hours to see Father Christmas.

In Manchester, city centre trading has been less dramatic. At the Arndale centre there have been 8 per cent more shoppers than last year but retailers are cautious about whether turnover is level or a little higher than last year.

Sunday trading provided cheering news. "There has definitely been more business, not a thinner spread of what was there already," said Ms Jackie Prosser, marketing manager at the Arndale.

"Sunday trading has been brilliant for us. There's never been a bad weekend," said Ms Lesley March, marketing manager at Merry Hill. She said Sunday trading now accounted for 15 per cent of turnover.

Reporting by Paul Cheese-right, Roland Adburgham, Neil Buckley, Stewart Dalby, Ian Hamilton Fazey and Chris Tiggs.



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On earth, peace?

English-speaking Christians have for centuries proclaimed "on earth peace, good will toward men" at this season, following the Authorised Version of the Bible. The words attributed by St Luke to the heavenly host outside Bethlehem, however, are more exactly rendered as "on earth peace among men of good will". This is quite an important distinction. The passage in its original form gives no warrant for pure pacifism. It implicitly recognises that there are also men of ill will, who pose a threat to peace and should not expect to benefit from it.

It is a perennial dilemma, and not only for Christians. The value of peace has always to be weighed against the danger of rewarding aggression, consecrating injustice, and thereby encouraging men of ill will to persist in the threat and use of force. The definition of "men of good will" is inevitably subjective. In many cases peace can only be made by accepting professions of good will from those who hitherto have given and received ill will in abundant measure, and by allowing them to keep what seem thoroughly ill-gotten gains.

Typical examples abound. Black South Africans have had to accept leaders of the National party, which devised and implemented apartheid, as men of good will; and to accept, as part of the price of peace, the perpetuation of gross disparities in average wealth between white and black. Palestinians are being told, without any assurance that they will get a state of their own, that the path to peace lies through acceptance of the permanent loss of many of their homes, and the greater part of their country.

Israelis are asked to accept that peace involves giving power to a man whose whole career was built on violence against them and denial of their state's right to exist, while law-abiding people in Northern Ireland are told that peace requires concessions to a people who have sought them through terror and violence in preference to the ballot box.

Public opinion

In these cases, world public opinion applauds those who put peace before justice, and condemns those who believe the price they are asked to pay for peace is too high. Yet few argue that Britain would have been right to make peace with Hitler in 1940, and most people still recoil at the suggestion that Bosnia should accept a peace based on the simple ratification of Serb conquests.

In all such discussions, the claims of equity have to be weighed against those of realism. No one nowadays argues (as in

the past many did) that war is good and healthy in itself. All agree that it is at best a necessary evil, and therefore those who argue for it to some circumstances have to demonstrate that the net result of pursuing it will be less bad than the alternative.

The Catholic doctrine of the just war, which requires among other things a reasonable prospect of victory, is not as Machiavellian as it sounds; or rather, it shows that Machiavelli is not as unethical as he is often painted. Ethics does not forbid political leaders to weigh carefully the practical consequences of their decisions. On the contrary, it requires them to do so, most of all when faced with a choice between war and peace.

Complex conflicts

In the early 1990s, the end of the cold war and the reversal of Iraq's aggression against Kuwait gave rise to hopes that justice could henceforth be effectively upheld by international action, and that realism would no longer dictate the acceptance of flagrant injustice as the price of peace. But since then, attention has focused on more complex conflicts, where citizens of the same state are ranged on opposite sides, so that consensus is not easily reached among outsiders about the precise balance of right and wrong, or about the degree of external aggression, if any. International intervention in these conflicts has been confused, halfhearted and agonisingly slow, especially in contrast to the decisive and spectacular action against Iraq.

In Somalia and Bosnia, "humanitarian" intervention may only have served to prolong conflict. In Rwanda, intervention came too late to prevent the massacre of up to a million people. The result is disillusionment and a return to passivity. Not only is Russian brutality in the Caucasus considered beyond the reach of western influence, in Algeria, on the doorstep of western Europe, a civil war is now claiming 700 lives a week, yet is virtually ignored by the outside world. The UN Security Council has not even discussed the matter.

Peace has become divisible. After briefly glimpsing a new world order, the victors of the cold war have resigned themselves to tolerating anarchy in large areas of the globe, so long as their own material interests are not directly threatened. No doubt a dose of realism and modesty was required, after the euphoria of early 1991. But between euphoria and abdication there is, or should be, a sense of the responsibility that goes with wealth and power, and of the longer-term risks involved in letting men of ill will have their way.

You are transported by calamity
Thither where more attends you -
William Shakespeare, *Coriolanus*.

It is a banal conclusion to draw after four years in the former Soviet Union, but it is worth remembering - that so much, here, is not what it seems. The rational expectations of the western mind smash against contemporary Byzantinism - a brew of secrecy, bureaucratic inertia and a love of dissimulation.

Russia and the other former Soviet republics preserve, in living form, traces of previous ages which the less subtle and happier states of the west have suppressed and mummified. The layers of Russian political society - the liberals, the modernisers, the communists, the nationalists, the Slavophiles and the imperialists - remain. They find expression still in the labyrinths of the bureaucracies, in the media, in the government and regional leaderships and apparatuses, and most influentially in the network of competing aides, advisers and guardians of Boris Yeltsin.

I moved to Russia at the low point of Mikhail Gorbachev's efforts to modernise the Soviet Union - as commandos killed demonstrators in Lithuania and Latvia, the least assimilated of the former Soviet states. I cease to be correspondent as a more brutal assault is launched against Chechnya, territory of a people who have kept warm their wrath against Russia for over a century and who - it can be judged - will not let it cool again soon.

Plus ça change... On the contrary. Everything is changing, as the death throes of the greatest social engineering project in history - Soviet communism - convulse the political body, and the order that will replace it refuses to take shape.

The Financial Times has been part of a western liberal consensus on the break-up of the Soviet Union: it was enthusiastic for the disintegrative process. The new elites of the post-Soviet states appeared to want a liberal order. Mikhail Gorbachev was unable to provide it, caught as he was in the contradictions of his chaotic programme - a "market" which could not be based on private property and a "democracy" which would always choose socialism. Gorbachev's manoeuvres were seen as the tactics of a fatally constrained man with a vision of himself as a guardian of progress, endowing the Soviet people with elements of western liberalism while restraining them within the bounds of an empire they had not chosen and an economy in which they could not be free actors.

This view, widely held abroad and by the post-Soviet democrats, was (I still believe) correct - but it did not, perhaps could not, comprehend the consequences of the fall of the communist system. Those of us whose tour as reporters spanned the end of the Soviet Union and the beginning of the post-Soviet states saw the latter as struggling to be free from the coils of the former. Our natural inclination, as westerners whose minds were formed in a postwar world where material standards were constantly rising, was to be optimistic - to assume that the remnants of tyranny would be succeeded by the sturdy shoots of independence.

I have seen something which could plausibly be described in that way in three years of reporting in central and eastern Europe. The belief was - it was not subjected to much analysis - that the Soviet system had been a prison of belief, of nations, of free thought and associa-

John Lloyd reviews the changes that have followed the death of Soviet communism, during his four-year posting in Moscow

Convulsions of the body politic

tion, of enterprise. It had but the prisoners had in most cases known nothing else but prison life. Like old trustees, many liked it, or at least found it impossible to adapt to the loss of confinement.

Generalisations should always be qualified. The Baltic states are different societies from the Central Asian; Moldova has little in common with Azerbaijan. In attempting to rediscover, or fabricate, their own traditions, the new states plunder the traditions of Islam, Orthodoxy, Lutheranism and Catholicism; tribalism, autocracy and democracy; mercantilism, corporatism and neo-liberalism.

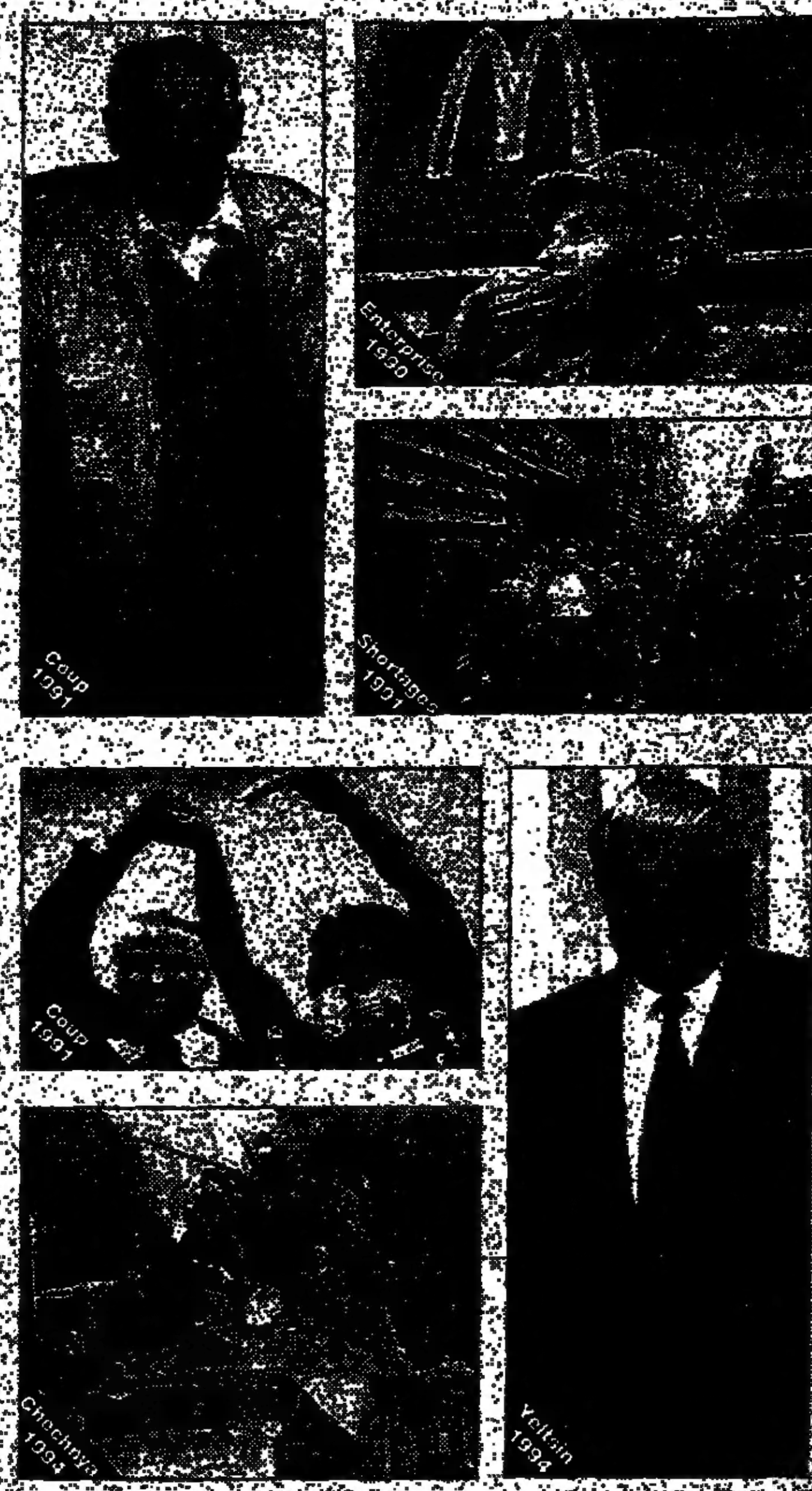
The Pope visits Vilnius to give a liberated flock a sense of belonging to the Catholic family. Professor Jeffrey Sachs seeks to ingrain liberal economics in the mindsets of the post-Soviet reformers in Russia and Ukraine; Mr Lee Kuan Yew calls on the President of Kazakhstan and proposes an authoritarian capitalism. In a late 20th century world, the educated elites can travel to and observe a political supermarket of social and political developments to which they may aspire, but cannot attain. The 15 states which made up the union now have in common a past but their capacity to deal with it varies hugely.

Much of my time was spent reporting "reform". The reformers in Russia were men and women who had largely been in the middle ranks of the professional intelligentsia and who were suddenly given vast power. Their vision, especially their economic vision, was liberal market economy, was given the imprimatur of the Russian president even before the union collapsed, because it appeared to be the only one available. It was the theoretical opposite of communism: it fitted with the internationalisation of capital which is the dominant theme of our times; it was promoted by men of brilliance, such as Yegor Gaidar, Anatoly Chubais and Boris Fyodorov.

Reform in Russia is not dead. The liberations promoted by these men and their associates have exposed the bloodstains and the dysfunctions of its society. Their inherent belief - that freedom depends on independent economic actors - is being sorely tested and lacks the support it enjoyed from a now ailing and isolated president. But ranged against it there are only the (powerful, to be sure) remnants of now dysfunctional faiths and reflexes, capable of disruption but without the cohesive and ruthless philosophy-in-action of communism.

Like other foreign media, the Financial Times reports on the 15 states of the former Soviet Union from Moscow - though with the advantage of colleagues in Ukraine, in Central Asia and in the Caucasus. The experience of travelling (on the fearful Aeroflot and its still more fearful scores of successor

Gorbachev to Yeltsin: crisis to crisis



companies) has been one of sharing in small measure the discriminating experience for Russians of seeing a centralised empire dislocate as new leaderships attempt to make states of what had been satellites. In each there was an initial burst of energy and support for the new leaders - in many cases, especially in Central Asia, the old leaders hastily repented themselves in nationalist, even sometimes in religious, guise. In each, as time wore on, there has been a closing of the political space: a heavy re-buttressing of power and privilege, an appalling realisation of the malignity of the Soviet legacy and the frailty of the tools of their "independence".

But the passage of time also

revealed the vast differences in cultures which had been smothered by Sovietism. Its collapse faced societies with the often purgatorial task of defining in what their statehood might consist. It was not a surprise to see Estonia take off smartly in a Scandinavian direction. It has been more surprising to see little Kyrgyzstan struggle to embed an unfamiliar democracy in its impoverished valleys.

Ukraine, in which the FT has had a correspondent since 1991 and to which it has rightly devoted much space, suffers from travails less dramatic than Russia's but in some ways more wrenching. Its best-known split is between the "nationalist" west and the "unionist" east.

More deeply, most Ukrainians - a people even more cruelly devastated this century than their neighbours, the Poles - are also torn between belief in national development and uncertainty as to how it is to be given a solid base distinct from Russia, whose reflex is still to view such efforts with derision.

It, and all other post-Soviet nations, have played a large part in the suddenly revived debate on nations and nationalism - a discipline which may fill something of the yawning gap left by the sudden disappearance of Sovietology.

A unionist Scot myself, I disliked nationalism, seeing it as narrowing, kitch-ridden and coercive the past four years have produced substantial modifications in that view. For it became clear that the Soviet Union, the last great, perverted Enlightenment fantasy of internationalism, could not for either modernisation or democratisation. The successor states have nothing else on which to base their search for both (if search they will) but nation statehood - even if that is the artificial construct of a system which never meant them to be nations in the first or last place. They are thus doomed to find statehood under terrible conditions.

My last trip as correspondent in Moscow was to Grozny, the capital of Chechnya - where, as this is written, colleagues are still reporting from the now-constant bombing raids, in a courageous display of what our trade can do at its best: producing the evidence of the effects of power. It was a terrible trip - not for the discomfort and the fear, but for the hellish vision it presented. The Chechens, most ferocious of the Caucasian tribes who pinned down Tatar armies for the middle decades of the last century, are led and inspired by men who see no immorality in subjecting them to the most hopeless odds - indeed, who glorify it as the will of Allah, as much a prophet of peace as the one whose birthday is celebrated tomorrow.

The Russians, by turns doubtful and brutal, are driving towards what the liberals here in the capital see as a fatal collision with the full gains of the past three years. Right now, it is hard to shrug off their pessimism. The president has all but disappeared, his least savoury sides wield most power, the parliament's purchase is meagre, the military and the secret services act largely independently - and, more dangerously, in mutual distrust.

Pushed to defend national integrity by the screaming of the nationalists, Russia has shed blood in a land whose culture demands that the state be extended, and whose young men will see honour in revenge. The Caucasian circle comprehends more than this theatre of war: Abkhazia and Nagorno Karabakh have both been (unmounted) killing grounds and may be again. This is not yet the scale of the Bosnian barbarism, but it begins to court comparison.

No happy ending. Civil society, the prize promised to those who survived communism, yet remains out of the reach of most: the ending of the old order accomplished much more readily than the attainment of a new.

Christina Fredland will succeed John Lloyd as Moscow bureau chief in January. Lloyd will continue to write for the FT, while working on a book.

United across the airwaves

Leslie Crawford on the hope given to Rwandan refugees by a radio station

In its broadcasts from the Rwandan refugee camps in Bukavu, Zaire, Radio Agatashya proclaims that it is "the humanitarian radio". The claim is not a redundant one, in a community that knows only too well the horrors that can be initiated by radio.

For most of last summer, the river which marks the border between Rwanda and Zaire on the southern tip of Lake Kivu was stained with blood. The rickety wooden bridge at the frontier was blocked to Tutsi attempting to flee the massacres inside Rwanda. On the Zairean bank, the residents of Bukavu watched a killing frenzy unfold just metres from where they stood.

One private radio station - Radio Television Libre des Mille Collines - whipped up the mass hysteria responsible for the extermination of more than 500,000 Tutsis. The mouthpieces of Hutu extremists, it urged Hutus to "take your spears, clubs, guns, swords, stones, everything. Sharpen them, hack them, those enemies, those cockroaches..." Even educated Hutus believed the blood-curdling accounts of alleged atrocities committed by Tutsi rebels as they swept the country.

"Hunt out the Tutsi," the radio commanded. "Who will fill up the half-empty graves? There is no way the rebels should find alive any of the people they claim as their own."

Even after the Tutsi-led Rwandan Patriotic Front drove the Hutu regime out of Rwanda, Radio Mille Collines continued to broadcast from mobile stations inside Zaire.

The Hutu extremists and their militias now rule over the teeming, cholera-ridden refugee camps in Zaire, Tanzania and Burundi. Under pressure from UN peacekeepers, however, Radio Mille Collines was dismantled in August.

In the same month, a team of Swiss journalists from the Lausanne-based Reporters sans Frontières launched Radio Agatashya in the refugee camps in Bukavu. They were determined to restore the refugees' faith in impartial information.

The station's maiden transmission, on the morning of August 4, came from a makeshift studio inside a container near the grounds of Bukavu's Jesuit school. Agatashya means "the swallow of hope" in Kinyarwanda, the language chosen for the radio's broadcasts because only one in 10 refugees understands French.

With time, programmes have been added in French, Kiswahili and English. Seven Rwandan journalists - all active in human rights organisations during the civil war - and three Zaireans have been recruited to the reporting team. For the Swiss journalists, the most important task has been that of guaranteeing the station's political impartiality and independence. They carefully screen every programme before it goes on air for possible signs of bias.

Establishing the radio's credibility with a community haunted by genocide and saturated with hate propaganda has not been easy. In Rwanda, radio has been the tool of one side or another. It has not been neutral.

"It has been difficult to win acceptance by both sides of the Rwandan conflict," says Mr Philippe Dahinden, the radio's project co-ordinator. "If we had based ourselves inside Rwanda, we would have been automatically branded as pro-Tutsi. So we chose Bukavu, to reassure the 340,000 refugees here that this radio is meant for them."

Locating in Bukavu has generated other problems. Agatashya's

journalists were threatened by Hutu extremists for reporting on the acrimonious departure of Medecins sans Frontières from Bukavu's refugee camps last month. The medical charity, shocked at the killings of refugees wanting to return to Rwanda, pulled out of Bukavu, arguing that it had become "ethically impossible for MSF to continue aiding and sheltering the perpetrators of the Rwandan genocide".

But the threats against the radio station were only that. Mr Dahinden believes Hutu leaders have refrained from harming Radio Agatashya or its reporters because it is virtually the only source of independent information available to them. "Everyone listens to Radio Agatashya. We are recognised instantly in the camps."

Even if there are few radios among such a huge refugee population, news is often passed on by word of mouth. And because we transmit in Kinyarwanda, there is less risk of manipulation, because people are not dependent on someone translating from French or English.

The radio is also heard in southwestern Rwanda and, with the expected arrival of transmitters, will soon penetrate deeper into Rwanda and reach the refugees in Goma, on the northern shores of Lake Kivu.

Much of Radio Agatashya's airtime is devoted to the provision of public information services.

Lists of children in the care of the International Committee of the Red Cross are read out regularly, helping many families to reunite. Parents also put out search appeals for missing children or lost relatives.

There are programmes on how to prevent cholera and dysentery - which killed tens of thousands when the refugees first flooded across the border - and on how to

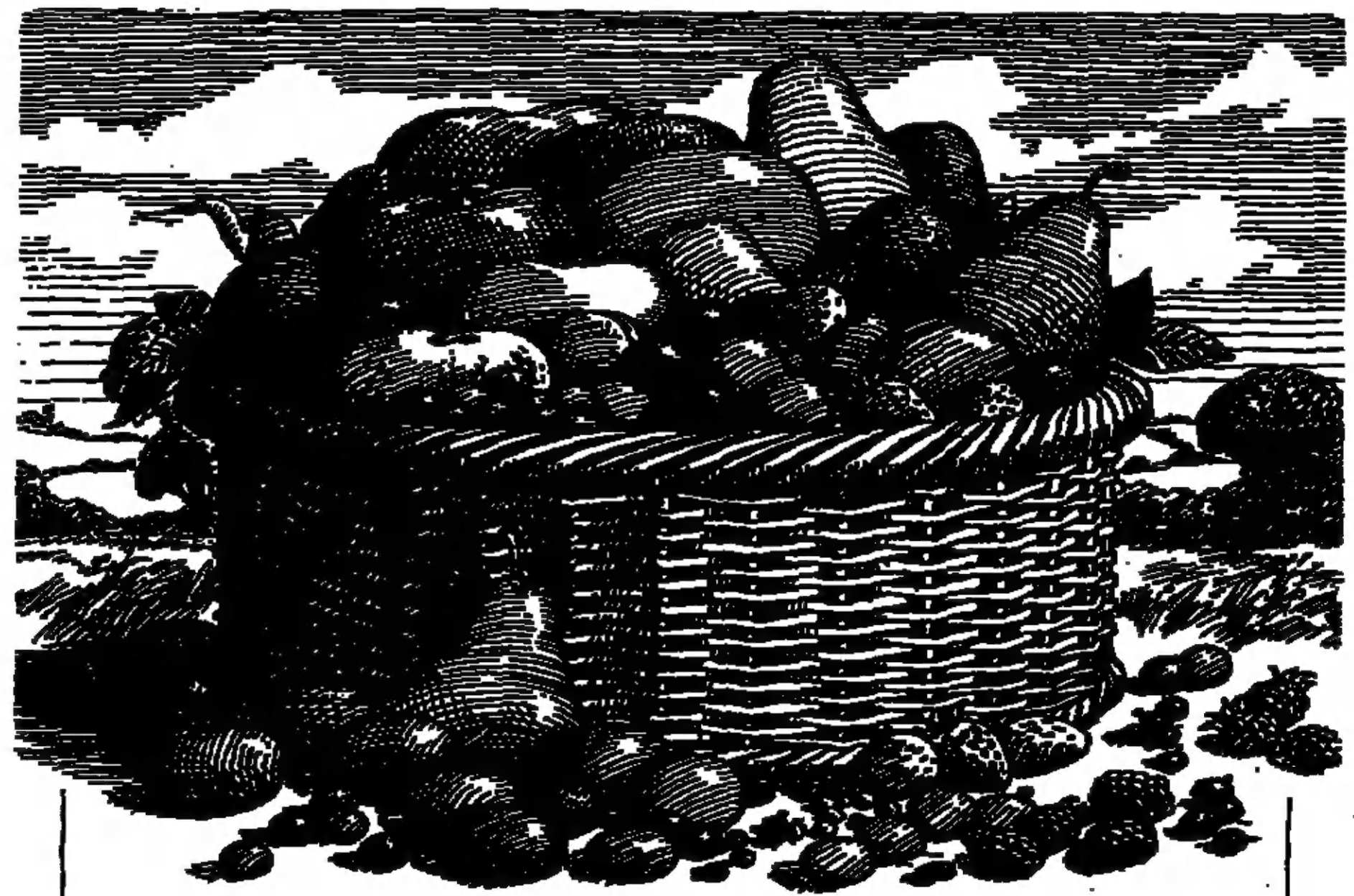
improve hygiene in the overcrowded camps. There are also health programmes for pregnant women, on the care of infants, and on the dangers of AIDS and other sexually transmitted diseases.

But it is the twice-daily news bulletins that pull in the listeners. The refugees still do not trust Radio Rwanda - controlled by the new government in Kigali - while Radio Zaire has little relevance to their lives. Radio Agatashya, which has reporters working in Rwanda as well as Zaire, is the only station capable of breaking the terrible isolation that engulfs them.

"The refugees are desperate to know what is happening in Rwanda," says Mr Dariusz Hasegowski, the Rwandan co-ordinator of Agatashya's bureau in Kigali. "We try to get out to the villages and interview those who have returned; and say what state the crops are in, and what the security situation is like in different districts."

So far, Radio Agatashya has refrained from broadcasting appeals for the refugees to return home. Rwanda has yet to restore its judicial system and a civilian police force. Amid verifiable reports of arrests and summary executions conducted by former Tutsi guerrillas, now known as the Rwandan Patriotic Army, the Agatashya team believes it may be too early to disband the refugee camps. As a result Radio Agatashya, which began life as a six-month project, has been extended, with Swiss government aid, for another year.

"National reconciliation will be difficult and it will take time," Mr Dahinden says. "The criminals have still not been separated from the ordinary Hutu refugees. But there are men and women of good faith who are striving to overcome the fear between both communities. As journalists, the best we can hope to achieve is to restore their faith in accurate and non-partisan information."



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Once more, Christmas has been heralded by the sound of UK retailers complaining of disappointing sales. The main cause of disappointment this year is cyclical: consumers are not spending as much as they normally do at this stage of economic recovery. But the cry is a familiar one: it seems that Christmas is often a disappointment for the retail trade.

This is strange, because a study of UK consumption data shows the Christmas season is normally anything but a retail disappointment. In 1993, for example, seasonal factors contributed an extra 25m to fourth-quarter consumption, compared to the third-quarter level. Given that consumption as a whole rose by just 5m in 1993, it becomes obvious why retailers have high expectations for Christmas.

Examining these seasonal fluctuations in consumption gives a fascinating insight into the Christmas habits of the UK. We may all think we over-indulge enormously at the end of the year. But food consumption rises by only about 2.75 per cent in the fourth quarter of the year.

We certainly drink and smoke a lot more as a nation at Christmas - the seasonal effect generates an extra 19.8 per cent of alcohol and tobacco expenditure. The combination of cold weather and new winter fashions leads to a substantial increase in expenditure on clothing and footwear, with fourth-

Hark, the herald cash tills ring...

Andrew Scott explains how Christmas has changed - though not to the disadvantage of retailers

quarter consumption 23 per cent higher.

The data also reveal that the additional spending at Christmas has been steadily rising over the years and is now at its highest since records began.

The seasonal boost to consumption of non-durables - food, drink, clothing, energy and the like - has risen from £1.8bn in 1990 to £4.8bn in 1993. Between 1990 and 1993 this increased Christmas effect boosted consumption by more than 257 per head of the population (in 1990 prices).

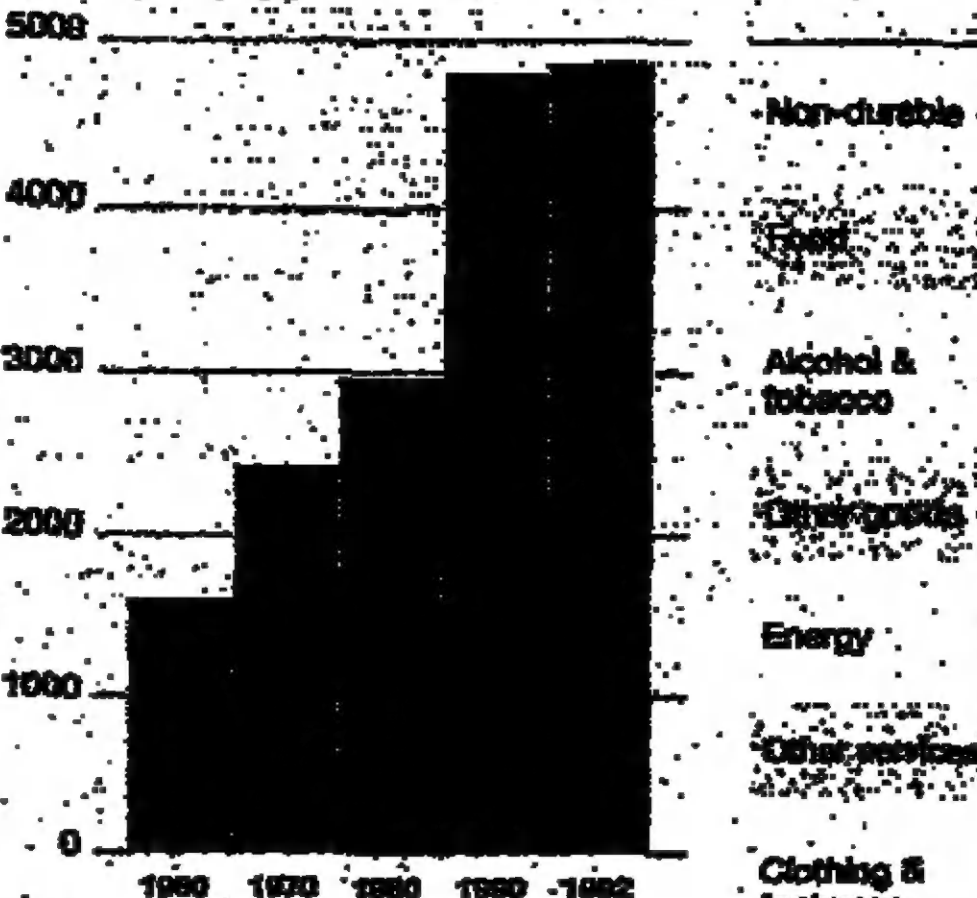
The table shows which goods and services are most affected by this increased Christmas effect. It shows the percentage growth in fourth-quarter consumption which is entirely due to seasonal factors - and how this has changed over the years. Most notable is the surge in Christmas spending on drink, tobacco and "other goods" such as sports equipment, toys, books, toiletries and jewellery.

If the Christmas seasonal effect has increased over the years, what has caused this change? Economic commentators invariably explain changes in consumption by reference either to changes in household income or interest rates.

Christmas seasonal effects

UK seasonal growth in 4th quarter over 3rd quarter

£m at 1990 prices



However, neither of these can explain why Christmas consumption is becoming more important. The variation in household income between seasons is not large - and has been getting smaller. There is a seasonal pattern in

interest rates: bank base rates tend to be highest in the last two quarters of the year. However, there is no evidence that this seasonal pattern has altered over the years, so it cannot explain the growth in consumption at Christmas.



Similarly, the weather offers little explanation of what is going on. While the weather clearly influences how much we spend, it does not explain the growth in Christmas spending. It is to social customs that we

must look if we are to explain these seasonal consumption changes. We tend to think of Christmas traditions as fixed and unalterable, but in practice the English Christmas has changed considerably.

The social historian John Pimlott has investigated the changing features of the English Christmas in his fascinating book *The Englishman's Christmas* (Harvester Press, 1978). Far from finding that Christmas is the same as Christmas past, he concludes that "it is part of the tradition that Christmas is never as it used to be".

These changes can be seen by looking at consumption of particular commodities. In 1955, for instance, more chicken was eaten than turkey at Christmas. By 1977, more chicken was eaten in a normal week of the year than at Christmas. At the level of total aggregate consumption, the changes in the English Christmas have been marked over the longer term. In the 17th century, Christmas was banned by the Puritans in 1647 and revived in 1660 (though the legalisation of festivities only partly restored its former glories).

The publication of *A Christmas Carol* by Charles Dickens in 1843 gave a new boost to the festivities.

It was in the 1840s that so much of current Christmas tradition was established - trees, crackers, cards and so on.

For the retailing industry, however, the most important change in social customs happened in the 1970s. Previously, presents had been given mainly to children and mostly at New Year. But it began to be the practice to give them at Christmas and to adults as well - to the benefit of almost the whole range of the retailing business and industry. From that time on, the commercial and social importance of Christmas continued to increase, a process which the data suggest is still occurring.

Will this upward trend in Christmas spending continue? Studying historical trends in consumption seasonality, there is considerable evidence that while seasonality changes only very slowly, when it does change it changes permanently. In other words, once new social customs are established, they remain in force. This suggests that the enhanced importance of Christmas to the retailer is likely to remain, long after any temporary disappointment over this year's sales has disappeared.

The author is a fellow of All Souls, Oxford, and is affiliated to the Centre for Economic Performance at the London School of Economics.

In Tokyo this December, the Christmas trees are out in force, tiny carols are rattling from loudspeakers and thousands of shops are filled with seasonal merchandise. But there is a more than usually hollow ring about the festivities. Money no longer flows so freely in Japan and, without it, people are starting to wonder what Christmas is really about.

In a country where less than 2 per cent of the population professes any Christian belief, the celebration was always a copy. The Japanese took Christmas to their hearts not because they wanted to understand what the event was supposed to commemorate. What mattered was that Americans and Europeans were enthusiastic about it. This was enough to show that it must have some value. And so the Japanese set about giving themselves a bigger and incomparably better Christmas than the authentic ones in the west. In Japan, better meant more expensive, and what developed was the brassiest Yuletide in the world.

Traditionalists in the west might bemoan the passing of the true Christmas - of carols, midnight mass, and perhaps even spiritual reflection - but in Japan, there never was anything but a commercial, tinsel affair. The story of the Tokyo department store that sold images of a crucified Father Christmas might be apocryphal, but there is little doubt that, to most Japanese, Christmas was never more than an ingenious marketing device: a new way of persuading the financially incontinent to part with their money.

The traditional Japanese Christmas (circa 1980) was a dream for the marketing people that focused heavily on the younger generation. Christmas was sold as "the most romantic time of the year" and an occasion to cement these special relationships the material way. In the bubble years companies were generous with their winter bonuses, and a really good Christmas Eve meant spending around ¥100,000 (1984) - more than a third of a month's salary - taking that special someone to a dinner show, exchanging presents and spending a night at an upmarket international hotel.

Tokyo's Tiffany stores were crowded with teenagers and young salarymen in their blue suits showing people aside to buy trinkets for their girlfriends. Christmas fever was such that to avoid being left without a hotel reservation for next year's Christmas Eve, the meticulous trend manuals even

The search for a meaning

Gerard Baker and Emiko Terazono on yuletide celebrations in Japan



advised men to wake up early the next day to book a room. But that was in the time of unbridled confidence about Japan's economic prospects - the days of rapid growth rates and an explosion in wealth.

The ending of the bubble economy, and the four sluggish years through which Japan's economy has since toiled, have made conspicuous consumption irredeemably outmoded among the fashion conscious. Extravagant spending on Christmas Eve is now sneered at as *behore*, or a typical "bubble phenomenon" - the most crushing of put-downs.

But at expensive restaurants and hotels wasn't part of my real world," says Mr Nobuhiko Hirasawa, an office worker who says he spent ¥45,000 last year winning and

dining on Christmas Eve. "I want to enjoy Christmas without spending so much money." But there is the nub. What, to a nation that can't tell a crab from a crucifix, is meant by "enjoying Christmas"?

The materialist credentials are still impeccable. One thing the new spirit of Christmas means is value for money.

The Hot Dog Press, a fashion weekly for young men, has cut its special Christmas pages, once over 60 at the peak, down to 10. "Telling people to spend lots of money at Christmas doesn't necessarily sell the magazine any more," says Mr Morihiko Katabuchi, an editor. Instead of the ¥50,000 Tiffany pendant or the ¥100,000 Cartier ring, Hot Dog suggests its readers buy girlfriends a *café au lait* mug for ¥1,400 or a pair of

photo frames for ¥1,600.

The economic changes have also brought about new tastes among consumers. The search for value rather than brand names has given rise to new types of shops. Discounters, superstores and warehouse-style stores selling one category of goods at knockdown prices are becoming mainstream, hurting the sales of traditional retailers, the department store and the corner store.

But the end of the urge to splurge has done more than prompt a search for value. It has seen the Japanese looking for alternative means of renewal this Christmas. Many are rediscovering their families. In the past, New Year's celebrations have been Japan's main year-end family event, with mountains of good luck foods, such as rice cakes, herring roe and seaweed, washed down with sake. But in the past few years spending time with family and close friends on Christmas Eve has become popular.

Since Christmas is not a holiday, "the fall in overtime working hours due to the recession has also helped in getting the family together," says Atsuhito, the largest food and beverage company. That means, well, it means shopping, of course for cheap imported chicken and bargain French sparkling wines.

So, it has become a cheap Christmas certainly, and maybe even a family Christmas. But that comes no closer to answering the question, "Why bother?" In the most material of a materialist world, what is a "Christmas" without the money? There is no sign of any religious awakening - the same small groups of the faithful will turn up at the midnight masses at the Christian churches dotted around town. Some will even take to the streets to hand out food and a few comforting words of the Christmas spirit to Tokyo's growing homeless population.

But the vast majority of the population will spend the holiday focused even less on its significance than before - perhaps they are closer to emulating the west that way than they were in the past.

One world-weary salaryman provides a hint that perhaps the Japanese have, after years of trying, discovered the real essence of a western-style Christmas. "I spent about ¥30,000 on Christmas Eve last year, including ¥10,000 on a bottle of champagne," says Mr Chikara Kondo. "But this year I'm staying home and watching television."



Up to the mark: Armando Dias of the Savoy pours the statutory 175ml into the hotel's own stamped glass

Measure for measure

British Eurosceptics who sought refuge from Brussels legislation over a gin and tonic or a glass of wine will from the new year have to seek alternative solace.

On January 1 measures that date back to 1990 will finally become law and a new metric quantity, 25ml or multiples, will become the norm for dispensing gin, rum, vodka and whisky instead of the quarter, fifth or sixth of a gill (a gill is a quarter of a pint).

This much is straightforward. But when Brussels turns its attention to the dispensing of wine by the glass - an increasingly popular way of drinking good wine - restaurants, wine bar owners and customers may feel not only confused but that their individuality is being encroached upon.

The same legislation will now dictate that wine by the glass can be served only in quantities of 125ml or 175ml, or multiples. More significantly, it specifies how these can be dispensed. In future, a restaurant or bar, no matter how smart, can serve a glass of wine, no matter how cheap or expensive, only into a lined glass, stamped by a government-approved body, or into a free-standing, government-approved measure known as an "optic" that is then emptied into the restaurant's own glass.

The restaurant industry is upset for two reasons. First, it has accommodated customers' orders for less but better wine over the past five years - demands induced by the recession, health concerns, tougher drinking laws and wider appreciation of fine wine. Many restaurants now offer far more than just house wine by the glass and in glassware superior to the formerly ubiquitous spherical Paris goblet.

Such gentility is now at an end. The Upstairs Bar at the Savoy will henceforth be dispensing glasses of chablis premier cru and Cloudy Bay sauvignon blanc at £5 each into the Savoy's own glasses conspicuously marked with a government line and stamp on the side. Second, restaurateurs feel their

A new law on serving wine by the glass is about to come into force in the UK, says Nicholas Lander

attempts to discuss the legislation have met with an unenthusiastic response. Mr John Davy, who controls 60 wine bars around the City and sells 50,000 cases of wine a year, describes the legislation as "ridiculous".

"It's like trying to control the quantity of smoked salmon served on a plate in The Ritz". The legislation has nothing to do with quality - the overriding factor in the wine we buy and serve - and everything to do with quantity. In fact the new laws will hurt our customers, as until

now my staff have been free-pouring 180ml of good wine for a small glass and 180ml into a large glass. When it became obvious that this legislation would become law in August 1994, Mr Davy made various attempts to incorporate his company's etched logo on to the glass with the required line as the bottom of the leg. This, he felt, would at least detract from the ugliness of the lined glass. All aesthetic suggestions, however, have been rejected and Mr Davy has to buy an extra 1,000 dozen stamped wine glasses, with the stamping costing an extra 30p per glass.

The Department of Trade and Industry, which will be supervising this legislation, says it is intended "to bring us into line with the rest of Europe". This does not

seem to be borne out by the situation in Paris, where one leading restaurateur who has been serving exciting wines by the glass for the past 15 years reports that French law dictates only that the quantity of wine served by the glass be clearly stipulated. He serves 110ml of wine in a glass in one of his restaurants, 120ml in another and 80ml of sherry in both.

But UK law enforcers have little faith in French measures, it appears. On a recent visit to Paris, one leading London chef/restaurateur, in anticipation of these new measures, went to Verrerie des Halles, the specialist supplier of glassware to French bars, restaurants and cafés, and bought a 25ml optic for his bar. This his staff now uses. But when he phoned the DTI to establish whether this would be acceptable after January 1, he was told he would have to have the optic checked, approved and stamped by his local standards officer. Reciprocity of liquid measures, the DTI added, would not be possible for at least two years.

The DTI's defensiveness may have something to do with an imprecise knowledge of the world of wine. The new legislation will cover only table wines. Champagne, port and sherry are excluded, as are digestifs such as brandy and armagnac which can be free-poured.

When I asked a DTI spokeswoman about Santernes, the sweet wine of Bordeaux, she said that this was a digestif and so could be free-poured. When I pointed out that Santernes is a sweet table wine, she replied that therefore it had to be served in measures of 125ml or 175ml. This is a bad precedent. Such a drink counting at the end of a meal should be sipped and served in measures no larger than 90ml or 100ml.

Any visit to a restaurant from January 1 could now involve the following: an aperitif served from a 25ml optic, a glass of wine poured into a lined, stamped glass and a digestif free-poured from the bottle.

As one restaurateur comments: "It's confusing enough to turn anyone to drink."

Status quo on taxes is not perfect but it's the best we have

From Ms Margaret Wilkinson.

Sir, Samuel Brittan (Economic Viewpoint, December 15) quotes my conclusion to *Paying for Public Spending: Is there a Role for Earmarked Taxes?* (Fiscal Studies, November 1994), which rejects large-scale earmarking in favour of the current practice of spending from general revenues, and comments: "It is precisely this unrealistic demand for omniscience by governments which convinces some of us that there must be a better way."

However, I did not "demand omniscience". My support for the status quo was not unqualified. In particular, I wrote "exceptions that earmarking would not greatly promote democracy is not a rejection of the public choice 'black box' criticism of the traditional approach". I do not think that it is perfect, but it is the best we have.

The political right wants earmarking to lead to opting out and privatisation. However, James Buchanan (guru of the

right, a leader of the public choice school and critic of big government), in a seminal paper on earmarked taxes, drew attention to the variety of practical and cost problems which made him very tentative about recommending earmarking.

In particular, he noted that if decision-making costs were included in the segregated revenues model this might make it "inefficient" relative to consolidated revenue schemes. He also pointed out that services that benefited sub-groups in the community (eg education, health services) would suffer from earmarking.

I think that the right, which expects that earmarking would lead to spending cuts and opting out, is more likely to be correct than those, like the Liberal Democrats, who think that it would get people to pay taxes more willingly. Margaret Wilkinson, University of Bradford, West Yorkshire BD7 1DP

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Right product for TV target

From Mr Lyndon Harrison

MEP. I write to congratulate Christopher Dunkley on his excellent and perceptive article regarding MTV (Television: "For dedicated followers of fashion", December 21). I have two qualifications.

First, MTV does occasionally step out of the seamless robe of pop music. It chose to feature one set of elections this year. Predictably, for a channel

which embodies the idea of young Europe integrating, it was the June elections to the European parliament.

Second, Dunkley cites Kylie Minogue's pop video *Confide in Me* as indistinguishable from the adverts it carries. That is as may be. But I have been using this particular example in hip speeches which I give to astonished youth audiences, as an example of a new product tailored for a single European

Market. Its use of five screened European languages to evince common teenage sentiments implies a common European youth culture. It is a pity that it is a petite *ex* who leads the way in teaching us the fundamentals of business: first know your market then fashion your product appropriately. Lyndon Harrison, Watergate Building, Crane Wharf, Chester CH1 4JW

No plan for lottery tax

From Mr Chris Smith MP.

Sir, I am writing to put the record straight. Your story, "Labour looks at 'windfall' tax on lottery group" (December 22), alleging that Labour wants to tax Camelot's proceeds from the lottery, is incorrect. At present, Camelot is spending large sums of money establishing the complex infrastructure for the lottery, advertising it, and preparing further games to come into play next year.

The income stream from ticket purchases has its ups and downs, and it will be impossible to determine the balance of income, cost and profit with certainty for months to come. Any discussion of Camelot's share of the proceeds is therefore wildly premature. Chris Smith, shadow heritage secretary, House of Commons, London SW1A 0AA

Kiss goodbye to the Christmas holly, too

From Mr Oliver Chastney.

Sir, Reflecting on David Richardson's informative and amusing article (Farmer's Viewpoint, December 20) on the rise and fall of the middle-toe futures market, I suggest it may speak off-frantic scenes at Tenbury Auction during the run-up to next Christmas - international traders talking

urgently into their mobiles and giving knowing winks towards the gavel as another couple of pounds of the precious twigs and berries pass over the trading floor.

Aside from all that, I wonder if Mr Richardson could enlighten me on any EU rules regarding the possibility of grubbing up my holly bush.

This is the second year in a row it has failed to produce a single berry. I am seriously considering a set aside policy for that part of the garden. This Christmas we have again had to buy the stuff. French, I suspect! Oliver Chastney, 53 Keswick Road, Cringleford, Norwich, Norfolk

Shareholder power lost

From Mr Philip Owen.

Sir, Mr Edward Leigh MP (Letters, December 16) makes a strong point about the need to empower shareholders to control executive salaries. He also makes a point of great significance concerning the powerlessness of investors to have any influence upon fund managers whatsoever.

But he misses a point when he suggests that purely fiscal measures to encourage direct share ownership are involved. Rolling settlement has been used by stockbrokers as an excuse for forcing small shareholders' investment into nominee accounts. Once in these accounts, the small shareholder's rights to receive annual reports and to vote are extinguished. Nominee accounts

also allow the brokers to charge fees where none was necessary before, thereby further raising the barriers to private share ownership. Fiscal incentives to compensate for these fees would have to be substantial. There is no longer a route for the active small investor to have a direct influence on the public company in which they have invested.

This does matter: small investors have performed a valuable role in highlighting issues of corporate strategy in the past, as when Alan Sugar proposed to return Amstrad to private ownership. Philip Owen, Customer Refocus, 3 Cockhill Close, Lillingdon, Royston, Hertfordshire SG8 0RB

Seasonal offers easily refused

From Professor D A Smith.

Sir, In response to Adrian Furnham's amusing piece, "The annual agony of Christmas giving" (December 19), those offers I most easily refused this year were:

- Unbeatable carpet value;
- Incalculable computer savings;
- Cordless music centre. Derek Smith, Flat 1, 26 Devonshire Place, London WIN 1PD

COMPANY NEWS: UK

Stanhope renews talks with British Land

By Simon London
Property Correspondent

Stanhope was still trying to avoid receivership last night, more than 24 hours after its banks asked for repayment of their £14m loans.

The board, headed by Mr Stuart Lipton, was meeting to consider its position after a day of talks with British Land, the property investment company run by Mr John Rithlat.

British Land's earlier rescue offers were rejected because they asked Stanhope's banks to write-off of more than 20p in the pound on their loans.

On Thursday, at least four of Stanhope's 16 banks voted not to extend the deadline for repayment of the company's credit facility.

The banks had granted a three-day breathing space on

Monday but any further extension required unanimous consent of the syndicate led by Barclays.

Stanhope's main asset is its 50 per cent stake in Broadgate Properties, which owns much of the Broadgate and Lodge office developments in the City of London.

Other than British Land, the most credible rescue offer came from PostTel, the post and telecommunications pension fund run by Mr Alastair Ross Goobey.

PostTel had proposed a £250m rights issue which would have enabled Stanhope to repay most of its debts and buy the other half of Broadgate Properties from the receiver to Rosehaugh. Stanhope's former development partner which went into receivership two years ago.

However, negotiations with Rosehaugh's receiver broke down this week when PostTel's £106m offer for the other half of Broadgate Properties was rejected.

The receiver, with the support of Rosehaugh's banks, asked for at least £110m. At this price, PostTel could not offer Stanhope's banks enough for its plan to command their support.

Under the guidance of Mr Lipton, Stanhope was behind some of London's most admired developments, including Broadgate and Stockley Park, the innovative commercial park near Heathrow Airport.

The company was floated on the Unlisted Securities Market in 1987. Its shares peaked at 32p in 1989, valuing the company at £500m, and were suspended on Thursday at 5p.

Call for probe into N Electric share price

By Chris Tighe

Mr Derek Foster, opposition chief whip, yesterday urged the Stock Exchange to investigate the unbroken increase in the price of Northern Electric shares in the weeks following a meeting between Trafalgar House, now a hostile bidder for the company, and Professor Stephen Littlechild, electricity industry regulator.

In a letter to Mr Michael Lawrence, the chief executive of the Stock Exchange, Mr Foster writes: "It appears to me that it is beyond the bounds of coincidence that the shares should gain in price every day after the conclusion of that meeting."

Trafalgar House and some of its advisers met Prof Littlechild on November 25 and the conglomerate confirmed on December 14 that it was considering a bid for the north-east of England's regional electricity company.

Between those two dates, Northern's share price closed higher each trading day. It rose from 78p on November 25 to open at 91p on December 14, closing 109p higher, after the announcement.

Mr Foster points out that in the four days preceding the meeting, the shares fell each day. "In the circumstances I firmly believe the public are entitled to an explanation that can only be given if an immediate investigation is carried out by the Stock Exchange Council."

On December 15, Northern Electric asked for an exchange inquiry into the movement in its share price before the Trafalgar announcement. Yesterday the exchange said the investigation launched at the request was continuing.

Trafalgar House and the Office of Electricity Regulation (Ofreg), of which Prof Littlechild is the head, both declined to comment on Mr Foster's observation about the share price movement.

The year of the tweaked snouts

William Lewis on the changing attitudes towards boardroom pay



'It's a picture of my wages'

For one institutional fund manager, 1994 holds fond memories: "I will remember it as the year those with their snouts in the trough - Maurice, Cedric and all the others - finally had them tweaked."

The tweaking of snouts refers to huge changes in attitude which have taken place over the past 12 months towards the spicy issue of boardroom pay. Government, fund managers and even directors all now accept the need for change.

"What has happened is that the net of legitimate interest in directors' pay has widened so that many people representing a variety of interests now believe they can have a say," the fund manager explained.

For Maurice Satchel, the proposing of £5m-worth of super share options recently led to US and UK institutional shareholders forcing his departure from the board.

Cedric Brown's 75 per cent pay rise, which took his basic salary to 247,500, has been followed by a government examination into the issue of executive pay. The Cabinet inquiry is the first time in several years that the government has intervened in the traditional stance that directors' pay is a matter for shareholders only.

Another area of controversy, large pay-offs by companies to directors who have been forced to resign, has also been tackled for the first time this year.

In June Mr Alastair Ross Goobey, chief executive of PostTel, the fund management group, launched a campaign to reduce the length of directors' contracts and therefore the size of pay-offs to directors who are forced out.

Mr Ross Goobey announced he would be using PostTel's shares to vote against the election and re-election of directors

who had rolling service contracts longer than two years.

"At the end of the year, it looks like two-year rollers are now the norm," Mr Ross Goobey said yesterday. "But we will have to wait and see over the next two years or so if the shortening of contracts will make much difference to the level of pay-offs."

The significance of 1994 for corporate governance is recognised elsewhere in the City. "Enormous strides have taken place in the past year," confirms Mr Anne Simpson, joint managing director of PIRC, the corporate governance consultancy. "Shareholders are now more aware of their responsibilities."

An academic report, published in August, bolstered the

claim that since privatisation every ree chairman had made a million.

"We do not need to scour the country to find men who win the national lottery every year," Mr Brown said, "they are sitting in the privatised boardrooms."

While there is little evidence to suggest that directors have tampered their pay rises, the year has seen companies willing to provide a far greater level of pay details to shareholders.

At the heart of this move has been Mr Richard Giddams. As chairman of British Gas and BOC, he has pushed both companies towards providing far more details about executive pay in the companies' annual reports. BOC, for example, now gives five pages of information on pay including, for the first time, directors' pension details.

This trend is likely to continue next year with Grand Metropolitan, the food and drink conglomerate, and British Gas expected to provide the same level of detail.

Mr John Rogers, investment committee secretary of the National Association of Fundation Funds, says several other areas to watch in 1995:

● US pension funds: rule changes in the US mean that fund managers are now likely to vote their shares in the UK.

● Executive share options: companies are likely to come under pressure to make directors' exercising of their options dependent on more stringent performance measures.

● Non-executives: the NAFF believes that companies' remuneration committees should comprise solely non-executives, who should stand for re-election annually.

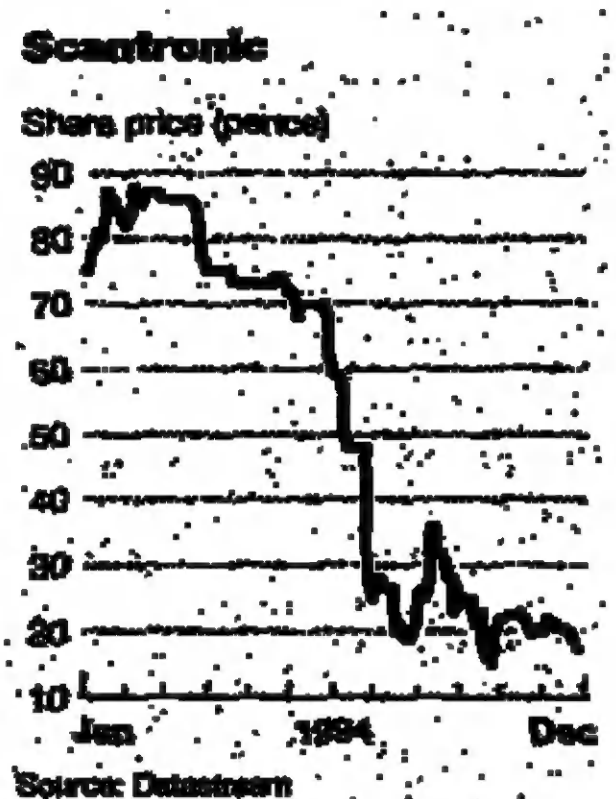
● Length of directors' contracts: a majority of NAFF members want the norm to be one year rolling contracts.

Scantronic and Menvier-Swain terminate bid talks

By Geoff Dyer

A dispute over a confidentiality agreement resulted in the termination of discussions between Scantronic Holdings and Menvier-Swain, a potential buyer, Scantronic announced yesterday. The shares fell 3p to 174p, against a high for the year of 90p.

Mr Chris Brooks, chief executive of Scantronic, the security components company, said: "They refused to sign a confidentiality agreement which they were involved in negotiating." Scantronic had asked for such an agreement before disclosing financial information to Menvier-Swain.



no comment to make on the discussions. He said that the company was yet to decide whether to proceed with plans to bid for Scantronic.

On October 27, Menvier-

Swain announced that it might make an offer for Scantronic, after it had analysed the company's financial position. At the same time it increased its stake to 4.49 per cent.

Scantronic has appeared vulnerable to a takeover bid in the last year. In the six months to September 30, it incurred a pre-tax loss of £2.4m against a profit of £1.4m.

Acquisitions have resulted in net debts rising from £3.5m in March 1993 to £10m at present. In June Mr Ray Dias, the then finance director, left after the board said that he had failed to alert it to the impact of increased borrowing and difficult trading conditions.

Silvermines, the Dublin-based electrical services and property group, was thought to be a potential bidder.

Stagecoach makes £4m acquisition

By Geoff Dyer

Stagecoach Holdings, the bus company, announced yesterday its ninth acquisition since it was floated last year. It is paying £4.25m for Ayrshire Bus Owners, which operates as A1 Service.

The company is paying £1.7m cash with the balance to be satisfied in new shares.

Mr Keith Cochrane, company secretary, said the company did not expect a reference to the Monopolies and Mergers Commission. "We do not operate in direct competition with A1 Service," he said.

A1 Service operates 75 vehicles in the Ayrshire towns of Irvine, Ardrossan and Saltcoats.

Stagecoach is currently the subject of three MMC inquiries concerning its 20 per cent stakes in SB Holdings, the Strathclyde bus operator, and in Mainline Partnership, Sheffield, and a general investigation into bus services in north-east England.

Stagecoach has spent £91.3m on acquisitions since it was floated in April 1993.

Beverley may face legal action from creditors

By Tim Burt

Disgruntled creditors at Beverley Group, the insolvent engineering company, yesterday said they were considering legal action to overturn a company voluntary arrangement endorsed by its shareholders this week.

Creditors owed some £500,000 want the voluntary arrangement thrown out, forcing the group into liquidation and clearing the way for an investigation of Beverley's management.

The company, however, warned that a legal challenge was unlikely to succeed and said it was pursuing its own action against the creditors involved.

Mr Colin Robinson, chairman, said: "These creditors are acting maliciously. They have no interest in the future of Beverley, and we are suing a number of them for money they owe us."

The creditors, however, claimed they could pursue legal action by proving that voting on the voluntary agreement was unlawful.

The agreement was approved after the company agreed to two amendments proposed by

the Island Revenue, one of the company's principal creditors.

"Had the company not agreed to these amendments, the Island Revenue would have voted against the CVA and the management would have been defeated," the Island Revenue said.

"We believe those amendments should not have been put to the meeting without prior notification."

The amendments called on the group to set aside enough funds to pay for liquidators should the CVA fail to restore Beverley's fortunes, and imposed a 60-day deadline for repayment of outstanding taxes.

Buchler Phillips, the insolvency practitioner which conducted the vote, said it had followed the correct procedures.

"I don't think there's any possible challenge that would result in legal action," said Mr David Buchler, the firm's senior insolvency partner.

While providing for partial repayment of creditors, the CVA should leave Beverley as a clean shell company with a viable engineering unit, its only operating subsidiary, as a solvent operating business.

Woolcombers reported pre-tax profits static at £1.08m (£1.07m) on turnover for continuing activities of £11m (£10.5m). Earnings per share were unchanged at 2.4p.

Kelsey at £1.46m

A substantial improvement in its soldering products business enabled Kelsey Industries to report profits for the year to September 30 ahead from £212,000 to £1.46m. Turnover was little changed at £50.1m, against £49.7m.

The Hertfordshire-based company, which also has interests in automotive components and industrial roofing, said the result would have been even better but for depressed conditions which affected the UK roofing business.

However, with an improved order book, the roofing arm is expected to return to profits.

After tax of £463,000 (£385,000) and minorities of £96,000 (£30,000) earnings per share came out at 24.5p, against losses of 12.2p. A doubled final dividend of 10p raises the total to 34.5p.

London Securities

Yesterday's Financial Times incorrectly stated that Nu-Swift, from which London Securities is buying a property portfolio, was partly owned by Mr Michael Ashcroft. The company is now wholly owned by Mr Jacques Murray.

Slight decline at CA Sperati

By Tim Burt

Wembley, the stadium and greyhound track operator, yesterday said it had finalised its long-awaited refinancing proposals with creditors owed some £140m.

The scheme, thought to involve a £60m debt-for-equity swap and rescue rights issue, will be put to institutional investors by Sir Brian Wolston, chairman in the new year.

Moves to revive the company have gathered pace in recent weeks following a decision by its bankers not to enforce a December 31 deadline for up to £40m of debt repayment.

Sir Brian refused, however, to confirm whether the group had opted for one of three rival refinancing packages, which it has been considering since July, or had decided to pursue

Wembley finalises refinancing proposals

By Tim Burt

an independent strategy.

City analysts expect Sir Brian to seek a reconstruction without resorting to schemes proposed by either City entrepreneurs Mr Luke Johnson and Mr Hugh Osmond; Mr Harvey Goldsmith's Allied Entertainment; or Apollo Advisors, the US investment group led by Mr Leon Black.

Although Sir Brian can rely on support from investors controlling at least 50 per cent of the ordinary shares, the process could still be derailed by opposition from preference shareholders. Guinness Peat, the UK investment vehicle of New Zealand entrepreneur Sir Ron Brierley, said it had not yet decided how to use its 26 per cent preference holding.

"We are in a pivotal position. We could support or halt the reconstruction."

Dares launches rights issue to fund expansion

By Tim Burt

Dares Estates has acquired Mileage, a property company, and various properties for £23.3m, funded by the issue of 187m new ordinary shares at 4p apiece, the assumption of £10.7m of debt and £5.5m cash.

To help satisfy the cash element of the acquisition, Dares will raise £5.5m by way of a rights issue of up to 138.5m new ordinary shares also at 4p, a significant discount to yesterday's close of 94p.

Shares will be offered to shareholders on a 14-for-5 basis for the ordinary and 26-for-1 for the first convertible preference. The properties being acquired have been professionally valued at £20.2m.

Mr Ervin Landau, chairman, said: "This scheme revives the company; net asset value will be £12.4m, gross rental income from the new properties is

£2.8m, and profits will be sheltered by substantial tax losses." The proposals will enable Dares to benefit from available tax losses of £19m, capital losses of £11m, and unrelieved ACT of £3m.

Dares is also to undertake a restructuring involving the live down of all existing assets and certain of its existing liabilities to Rimmtrum, a wholly-owned subsidiary, along with the release of Dares from certain guarantees and all floating charges.

Upon completion of the acquisitions, Mr Tom Farmer, chairman and chief executive of Kwik-Fit Holdings and one of the vendors of Mileage, will join the Dares board.

Dares reported pre-tax losses of £133,000 on turnover of £2.6m for the half year to June 30.

Flotations provide stronger swimmers

Christopher Price analyses the themes to emerge from a bumper year for new issues

A volatile year for new issues ended with a seemingly familiar refrain - a profits warning from a recently floated company. Yet Thursday's admission from Canadian Flax, which came to the market little over a year ago, and other headline-grabbing incidents have been the exception rather than the norm, and have spoiled an otherwise sound performance by the rest of the new issues market.

The picture is confirmed by research from James Capel and UBS, the stockbrokers, and analysts from the Financial Times in October, showing new issues overall outperforming the FT-SE All-Share Index. Even where new issues have underperformed the index, they have usually outperformed their sectors.

Privatisations aside, it was a bumper year for flotations in terms of the money raised and the number joining the market.

According to Capel, which surveyed companies with a flotation value of more than £25m (excluding investment trusts and international offerings), 68 companies floated between January 1 and November 30, with a collective market capitalisation of £8.7bn. In 1993 there were 58 new issues for a total of £5bn.

Over the past two years, new issues have outperformed the All-Share by 3.1 per cent and their sectors by 8 per cent, according to Capel. The larger UBS report, which surveyed all debutantes capitalised at more than £10m, found an average outperformance of 4.6 per cent against the All-Share.

The most hectic period came in the last quarter of last year and the first quarter of 1994, with the period either side also very active. Institutional investors, sensing an economic revival and keen to invest in

New Issues 1993 and 1994: Best and worst performers					
Company	Sector	First day's trading	To Nov 30	Relative to FT-SE All-Share	Relative to Sector
Best Performers					
Telepac	Electronic & Elec. Equipment	13.13	110.00	120.82	127.54
Stagecoach Holdings	Transport	10.17	91.96	74.89	70.20
Finch Group	Distributors	15.38	37.30	48.67	69.87
GRT Bus Group	Transport	6.88	48.88	61.87	61.87
UPF Group	Engineering, Vehicles	10.19	48.07	48.73	53.85
Inspac Group	Chemicals	16.88	41.88	46.69	53.60
Nelson Hunt	Insurance	2.14	25.00	31.90	51.08
Carpentright	Restaurants, General	11.49	81.49	51.44	50.12
David Lloyd Leisure	Leisure & Hotels	74.67	74.67	51.37	48.65
Go-Ahead Group	Transport	4.17	32.50	38.34	45.63
Applied Distr. Grp	Transport	3.70	25.93	34.88	44.08
Tiffney	Distributors	7.50	15.00	28.42	43.79
Farmco Group	Distributors	12.00	17.50	28.16	42.96
Calsonic	Support Services	44.82	44.82	42.74	41.37
Intel Hardware	Distributors	12.44	32.44	39.25	40.38
Worst Performers					
Crax Packaging	Printing, paper & packaging	3.70	-25.93	-24.32	-35.44
Adian Group	Support Services	4.78	-38.70	-38.14	-35.82
Other Financial	Other Financial	15.20	-27.60	-31.68	-36.98
Chiroscience Group	Pharmaceuticals	0.67	-38.67	-31.13	-36.74
Chenille	Chemicals	23.15	-37.04	-41.28	-40.68
Health Care	Health Care	9.00	-48.00	-51.22	-43.51
Angen	Other Financial	4.35	-25.08	-32.55	-45.92
Hambro Ins Serv Grp	Support Services	-1.15	-52.51	-50.15	-46.67
McDonnell Int Systems	Food Manufacturers	-0.50	-58.50	-56.18	-55.94
Cardell Plaza	MAID	-7.27	-58.02	-57.86	-56.20
Towny Law	Other Financial	2.63	-58.95	-58.25	-56.47
Code Group	Support Services	12.77	-68.81	-62.35	-50.07
DRS Data & Res Serv	Electronic & Elec. Equipment	0.91	-70.00	-68.40	-68.67
Drew Scientific Grp	Health Care	42.96	-74.25	-76.57	-72.82
Aeroflex/Hamble	Engineering	0.00	-74.17	-74.17	-73.82

Source: James Capel

Survey includes investment trusts (except 38), international issues and flotations under £25m

fast-growing "recovery" stocks, turned to the new issues market with enthusiasm.

The result was a rush to the market by private companies, encouraged by City financiers and assured of a warm reception from fund managers.

Critics say the stampede produced overpricing of some issues and encouraged some companies to float which would not normally have done so.

While this bears some truth, the volatile and generally downward performance of the stock market during 1994 has been as significant. This has thrown the underperformance

of many new issue stocks into perspective.

Reaser Homes, for example, which came to the market in March, has seen its shares drop by 17 per cent against their issue price and underperform the All-Share by 15 per cent, using Capel figures. Yet the stock has outperformed the building and construction sector by 12 per cent.

Among other issues highlighted in the reports, are the underperformance of the high-tech sectors, and the generally strong showing by management buy-outs.

The falling market, some spectacular flops and a lack of

funds have driven investors away from new issues. While there were 53 flotations in the first half of the year, only 16 came in the second, according to Capel, with dozens of others pulled as prices plummeted.

"The flotation frenzy of the last two years is over," said Mr Tom Atwood, a director at Capel. "The market will not support anything other than top quality issues. And even then they will haggle over the price."

Of last year's winners and losers there is a fairly sombre view of the vagaries of the stock market.

DRS Data, the scanning

equipment manufacturer, came to the market in May and issued a profits warning in September. It was this year's second worst performer.

Mr Malcolm Brighton, managing director, said: "This has been the most damaging six months of my career. I was not prepared for the astonishing level of cynicism from City analysts and institutions."

He said the group was a victim of circumstances beyond its control. "People just think we are trying to pull a fast one," he said. "Trying to convince them of what has actually happened has been awful. It did not think the process of flotation had been at fault, nor the group's pricing. We listened to our advisers," he said.

Aeroflex/Hamble is the name synonymous with the bad publicity rained on new issues during the past year. It floated in June and had issued two profits warnings by November. Mr David Ring, acting chief executive, said the company had no complaints about its flotation, nor the hostile reaction from the City.

"It was a rigorous and fair process. Some things happen to companies which can't be seen. But we have no bitterness towards the City - the market set the price then and is setting the price now. We are concentrating our efforts on getting the business back on track."

Unforeseen circumstances were also cited by Mr Garth Riley, chief executive of Tel-spec, in denying that the shares had been underpriced. The telecoms equipment manufacturer was the best performer since December 1993.

"The price was struck against certain market conditions. It could not take into account business we were fortunate enough to subsequently win."

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current payment	Total for year	Total for year
Danese Int Tet	3.375	Feb 28	3.375	-	7.55p
Elect & General	1.6	Feb 8	1.55	-	3.2
Kelsey Inds	10	Mar 9	5	13	0

Dividends shown pence per share net except where otherwise stated.

1520 من الامل

S African group plans global pay TV network

By Mark Szymanski
in Johannesburg

South African pay television company M-Net, its international arm MultiChoice, and Richmond, the Swiss-based luxury goods company controlled by South Africa's Rupert family, have announced plans to form a new international pay television network focusing on Europe and Africa.

The new company, to be called PayCo, will control MultiChoice's current European and African operations as well as Richmond's 25 per cent stake in Italian television company Telepiù. It will have access to 2.2m subscribers in 43 countries, trailing only Britain's BSkyB and France's Canal Plus among non-American pay television stations, and hopes to increase its subscriber base to 5m within three years.

The deal, which will only be formalised in February, has been concluded after extensive negotiations between M-Net and Richmond. The two groups have been working together for some time through jointly-owned subsidiary Net-Choice, which owns several European television interests including last-making FilmNet, and a possible deal had been rumoured for several months.

Following conclusion of the transaction, M-Net and MultiChoice, currently listed

through linked shares on the Johannesburg Stock Exchange, will be listed separately, allowing M-Net to focus on its highly profitable domestic operations and freeing MultiChoice to concentrate on programming.

MultiChoice's 25 per cent stake in domestic cellular phone network MTN will not be affected by the new arrangement.

The M-Net/MultiChoice shares in PayCo will be held through British Virgin Islands registered company MHI, which will in turn issue new shares to MultiChoice in exchange for the transfer of its international assets to PayCo. This will lift MultiChoice's stake in MHI from 73 to 80 per cent and reduce M-Net's direct holding to 8 per cent.

For its part, Richmond will contribute a \$150m cash injection into PayCo as well as subscribing for \$200m of the new company's redeemable preference shares.

Most of PayCo's assets are currently loss-making, and in recent years FilmNet's continued losses have severely dented M-Net's bottom line. However, analysts estimate that the losses, which are largely due to high start-up costs, have probably peaked and that PayCo should break even by 1996 when the subscriber base has improved sufficiently.

Standa puts Euromercato hypermarket chain on sale

Standa, the retail group controlled by Mr Silvio Berlusconi's Fininvest, yesterday said it was seeking to sell Euromercato, its hypermarket chain. Reuters reports from Milan. It said it had already received concrete offers.

On sale will be the assets of Euromercato but not the company name. Industry sources said Standa could not sell the full company for tax reasons as it is written in its accounts at well below book value.

The company said its chair-

man, Mr Giancarlo Foscolo, had been authorised to handle the sale, fixing a price and conditions. Company sources have valued Euromercato at around L1,000bn (\$600m).

Six serious bidders were believed to be in the market for the group, including Benetton, the sportswear maker.

Euromercato runs seven hypermarkets in northern Italy, with expected turnover this year of L1,200bn and net profits of L100bn.

JP Morgan acquires share stake in Banesto

By Tom Burns in Madrid

Banco Santander said yesterday it had sold 1 per cent of Banco Español de Crédito (Banesto), the troubled banking group it acquired in April, to the US bank J.P. Morgan. The sale, at Ptas890 per Banesto share, is worth Ptas5.5bn (\$44.2m).

The development renews Morgan's association with Banesto and cements its relationship with its new owners. The US bank is now part of a core of shareholders brought in to Banesto by Santander that includes the Royal Bank of Scotland, First Fidelity and Metropolitan Life, of the US, a group of Mexican investors led by the Modelo drinks group and the Barcelona-based savings bank La Caixa.

Morgan was the financial adviser to the Banesto board which was dismissed by the Bank of Spain a year ago, scarcely four months after it had led international equity issues that raised almost \$700m for the Spanish banking group.

In the rights issue last year the Corsair fund, a Morgan-managed portfolio backed by US institutions, invested \$175m in Banesto to own nearly 8 per cent of the banking group. Corsair's Banesto equity was, however, diluted to 3.1 per cent following a Ptas780bn rescue plan that involved after a write-down of the par-value of Banesto shares and the institution's recapitalisation.

The Banesto core shareholder group that Morgan has joined controls 9 per cent of Banesto. Santander now holds 48.5 per cent of Banesto following the disposals and after placing 6.3 per cent of its equity in the bank with Santander shareholders in a 3 Santander shares for one Banesto share offer priced at Ptas783 per Banesto share.

Mr Matias Rodriguez Inciarte, second vice-chairman of Santander and a member of Banesto's board, said yesterday Santander did not foresee any significant variation of Banesto's shareholder structure in the mid term.

Revamped Acer hits on winning formula

Taiwan's biggest computer maker is heading for fresh records, writes Laura Tyson

A few years ago, some doubted that Acer would survive the crippling price wars being waged in the personal computer industry. This year, Taiwan's biggest computer maker has exceeded all forecasts and its share price has almost quintupled since mid-1993.

In 1991, Acer sank into the red for the first time since it was founded in 1976. Its net loss of T\$907m followed the costly acquisition of California-based Altos Computer Systems in 1989 and aggressive expansion in marketing computers under the Acer brand name. The company returned to profitability in 1992, and by 1993 posted net profits of T\$1,070m. Securities analysts forecast net earnings will top T\$3bn (US\$113.5m) in 1994.

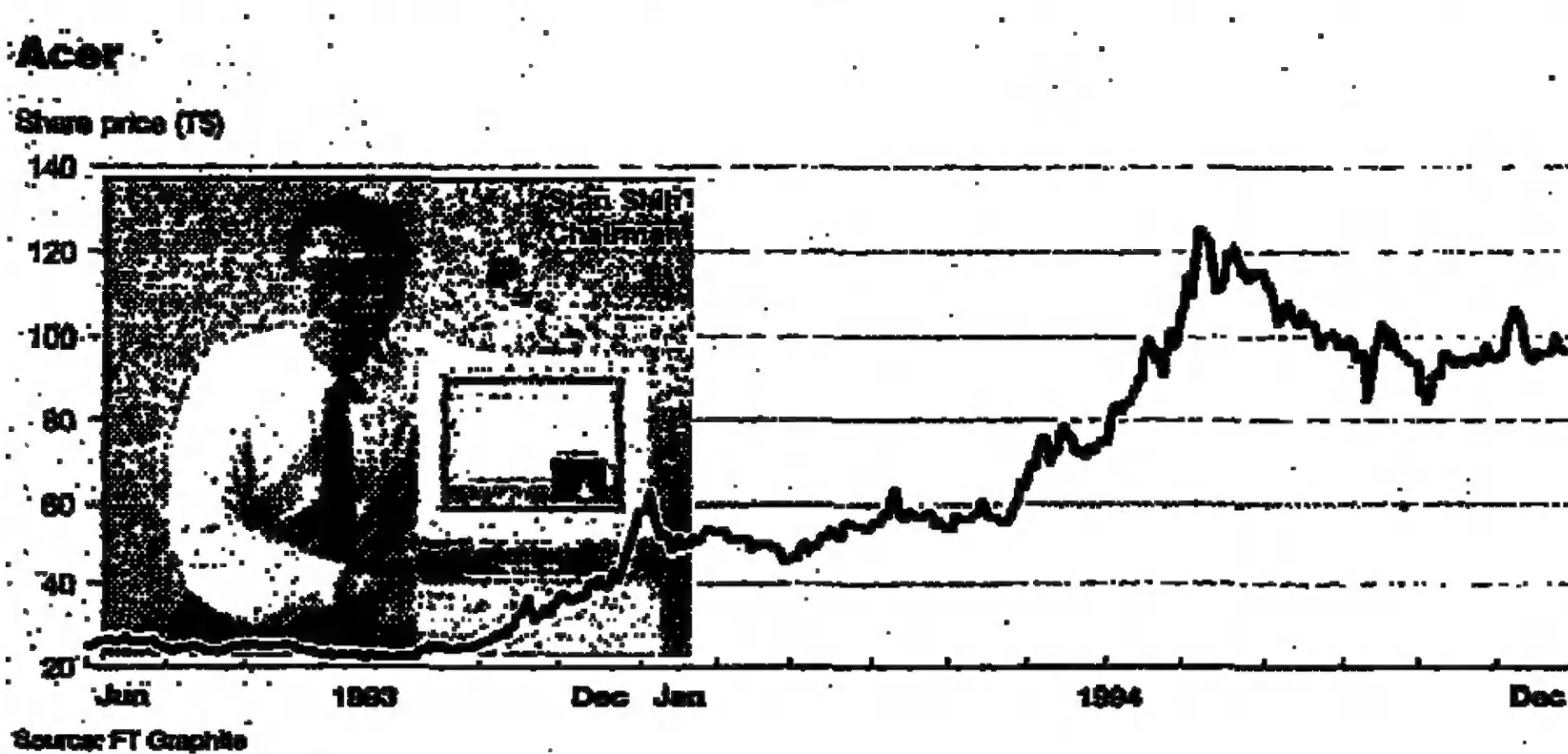
This attributes the recovery to a group restructuring, a turnaround in US and European sales under the Acer label and increased orders from US and Japanese computer makers.

Another factor has been strong demand for dynamic random access memory (D-Ram) chips which has pushed up profit margins on this product. T-Acer, a venture with Texas Instruments, brought in 90 per cent of Acer's earnings in 1993 and is expected to produce 40 per cent of earnings in 1994.

Whether Acer can keep up the pace is the subject of debate. Some analysts feel that the reorganisation has given Acer the flexibility to adapt quickly to changing market conditions.

"What matters in the PC industry is technology and speed," said an analyst at a UK brokerage house.

"Many people believe there



Source: FT CompuLink

will be a shake-out in the computer industry in a few years. When that happens, there will be only 10 or 12 big companies left, and Acer will definitely be one of them."

Others believe that while Acer should continue to perform well in the near term, it remains vulnerable to the US personal computer market and to memory chips, a heavily capital-intensive industry subject to cyclical swings in prices.

"Profit margins in the PC business have improved but they are still quite low - for Acer the margin is about 4 per cent at the operating level," said an analyst at a Hong Kong-based securities broker.

"We're concerned that Acer is heavily exposed to high-risk areas."

Further rounds of price-slashing in the US market or increased supply of chips could damage profitability. Currently, T-Acer is Taiwan's only producer of D-Ram chips. There have been shortages of D-Ram chips this year, but at

least four ventures have been set up to produce such chips in Taiwan and should begin operations in 1996.

Until then, at least, Acer's visionary chairman, Mr Stan Shih, appears to have hit upon a formula which will allow the company to thrive in an industry in which product cycles are constantly shrinking and high-technology components obsolesce during shipment.

Using what Mr Shih calls the "fast-food franchise" strategy, the logistics of production and distribution have been fine-tuned to allow speed and efficiency while keeping fast-depreciating inventory to an absolute minimum.

Semi-finished computers are shipped to remote assembly sites located in the markets in which they will be sold, where key components such as the microprocessor and the hard disk drive, which quickly lose value, are installed. With offices in 75 countries, Acer now has 20 such assembly

plants and expects to set up 10 more in the next few years.

Under the reorganisation, marketing and production units separated along regional and product lines within the Acer group were spun off into quasi-independent entities responsible for making decisions as well as profits. "Vertical integration in a company is no longer competitive," Mr Shih says.

The group has been transformed into what Mr Shih calls a "client server" structure under which "each unit is independent but acts as a server for its sister clients", the other companies in the Acer group. Business units are not required to source materials from other units in the group if components can be had more cheaply elsewhere.

Acer plans to spin off 21 business units for listing on local stock exchanges around the world by the end of the decade. The group will apply to list Acer Computer International, an assembly and marketing unit, in Singapore in

1995. A joint venture with Computex de Mexico, a Mexican computer company, will be set up on January 1 and is expected to list on the Mexican stock exchange in late 1995.

Listing plans met a temporary setback recently when Taiwan securities authorities turned down applications to list Acer Peripherals, which makes colour monitors, and Acer Seritek, a distribution arm, on the Taiwan stock exchange. Regulators cited the two companies' brief record as independent entities and Acer will reapply next year.

Another key element of Acer's turnaround was a decision to refocus on original equipment manufacturing (OEM), or producing under contract to major computer companies. Acer is one of the few Taiwanese computer makers to promote its own brand name alongside OEM production. But in the late 1990s the group decided to devote more resources to brand sales and cut OEM business from 40 per cent in 1988 to 25 per cent in 1992. In 1994, OEM sales had risen to 35 per cent and Mr Shih hopes to reach 50 per cent.

Acer's commitment to building a brand name, in contrast to other Taiwan computer companies, means going head-to-head with the industry's giants. It also means having to fight against prejudices left over from the days when Taiwan was simply a high-volume, low-cost producer. "The made-in-Taiwan image is a burden," concedes Mr Shih. "People still have the idea that a Taiwan company must be worse than a US company. It will take a long time to overcome this problem."

Matif clears hurdle in its bid for UK recognition

By Nicholas Denton in London

Matif, the French futures and options market, has cleared an important hurdle in its bid to gain recognition as an investment exchange in the UK.

Sir Bryan Carsberg, director-general of the Office of Fair Trading, said yesterday that two features of Matif, while potentially anti-competitive, did not have that result at present.

The OFT said it would keep "under

review" the effects of the two rules, which cover a limit on membership numbers and the capital requirements upon them.

It nevertheless recommended that Matif be granted permission to operate and thereby cleared the way for Matif futures and options to be offered on electronic trading terminals in the UK. Trading on Matif takes place on an exchange floor using "open outcry". Out of hours, however, Matif products

are bought and sold on the Reuters Globex system and recognition will allow UK traders to use this facility.

From the end of 1995 two Matif contracts are scheduled for quotation on terminals of Deutsche Terminbörse, the German futures exchange. If both Matif and DTB gain formal status in the UK, products from both exchanges will also become available on-screen in the UK during working hours.

Life, the London exchange, said rec-

ognition of Matif was an inevitable consequence of the opening of European markets. It said it was in close discussion with the Paris authorities on winning reciprocal access in France.

Futures traders said the spread of terminals of different exchanges would help them save costs by concentrating execution of transactions in fewer hubs. "The Globex system has lacked liquidity and the inclusion of Matif products will increase its attractions to users."

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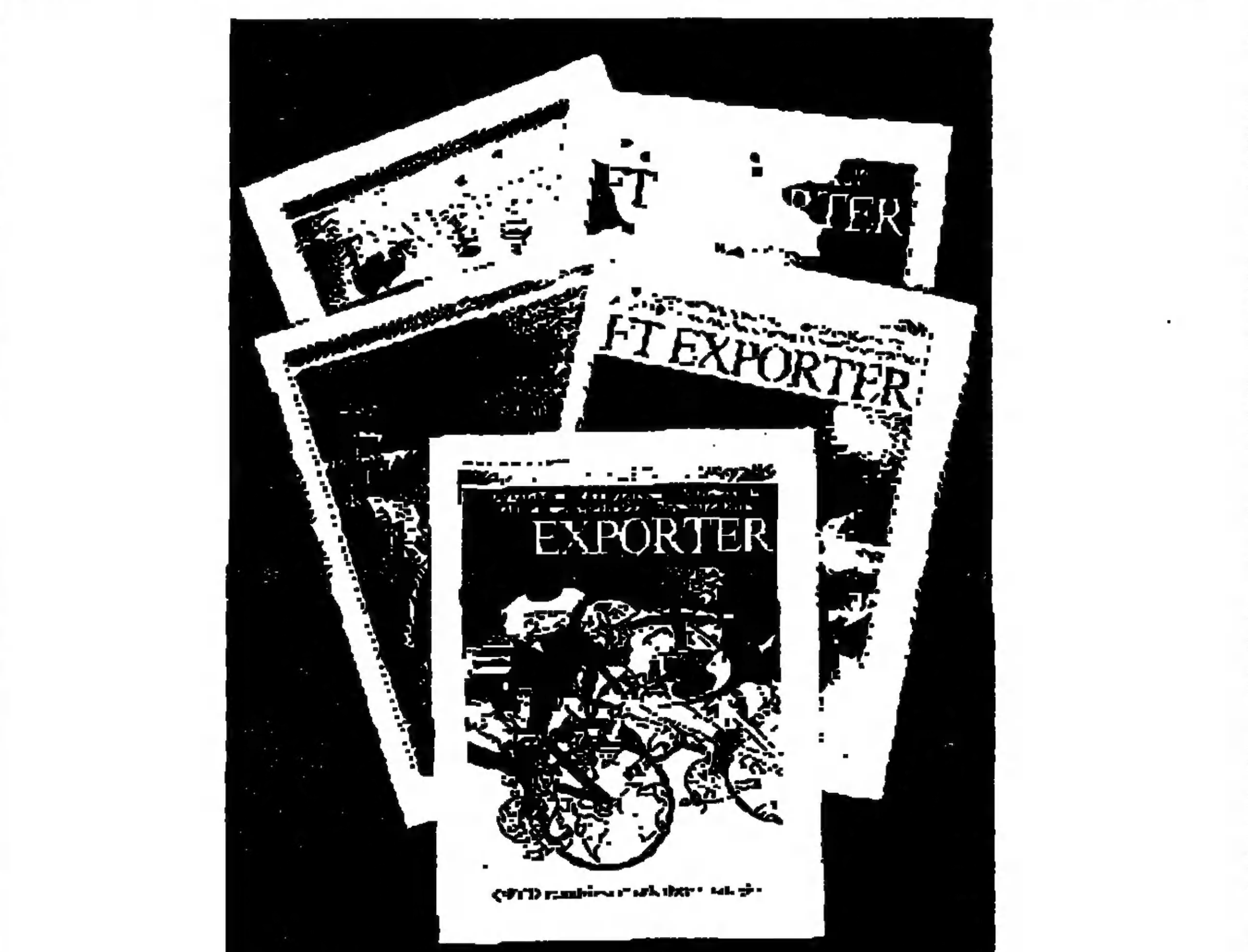
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FINANCIAL TIMES FT EXPORTER



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MARKETS



Bids for Northern Electric and Portals were bonus Christmas presents for investors

London

Rally holds fire but hope lingers

David Wighton finds a dash of seasonal spirit

Like Billy Bunter's postal order, the oft-predicted year-end share rally failed to materialise. But there was at least a dash of seasonal spirit this week.

There were Christmas presents for investors in Northern Electric and Portals as the promised bids duly arrived, and the good cheer spread as the City predicted a New Year full of take-over promise.

Apart from the actual bids from Trafalgar House and De La Rue, there were potential offers for Pict Petroleum, Willis Group and Jupiter Tyndall.

The FT-SE 100 index rose steadily until yesterday when, with dealers deserting their desks, it slipped back a shade to end at 3083.4, up 69.8 on the week.

Adding to the Christmas cheer was the announcement of the UK's first surplus on the current account of the balance of payments in nearly eight years. The £246m third-quarter surplus was much bigger than the City had forecast and was seized on by the government as further conclusive evidence that the UK is making a textbook economic recovery.

Unfortunately for the government, the voters are finding it far from enjoyable. Besides, most observers believe the surplus is likely to be short-lived because it is the result not just of strong exports but also of weak imports.

These have been subdued, partly because UK industry has not been investing in capital goods - which tend to come from abroad.

Those who see resurgent inflation at every turn take little comfort from the surplus. They maintain that unless industry starts investing, rising demand will lead merely to inflation. The determinedly gloomy add that if industry does start investing it will hit the trade figures, weaken the pound and fuel inflation.

Back in the stock market, the electrical excitement spilled over into the water sector. Despite the dangers of mixing the two, the suggestion resurfaced that electricity and

water companies might combine to make themselves less attractive to predators. Hanson was mentioned as a potential bidder for both - and many others besides.

Property shares also were enlivened by bid hopes. The FT revealed that a £1.5bn offer to buy the St Martins Property group, owned by the Kuwaiti government, had been made by an investment consortium headed by Barings, a merchant bank. The offer is thought to have been rebuffed, but the news provided a shot in the arm for the sector.

Among this year's worst performers, property shares have been hit by the rise in bond yields and the lack of the predicted rise in rents. But the St Martins offer follows other recent signs of renewed activity. Land Securities shares ended the week up 18p at 604p, while MEPC added 17p to 385p.

It all appears to have come too late, however, to save Stanhope Properties, half-owner of the City's Broadgate development. Stanhope's shares were suspended this week after negotiations with its bankers broke down.

Retail shares, which have fared scarcely better than property, also perked up a bit. After quick trips to count the heads in Oxford Street, analysts decided Christmas trading might not be as bad as feared. Kingfisher, this year's Footsie's backmarker, recovered 19p to 414p over the week.

BAT Industries, another of the year's laggards, ended on a better note, too, after winning US government approval for its planned \$1bn takeover of American Tobacco.

Two more of the UK's biggest concerns also had a good week, with British Petroleum regaining its place as the most valuable UK company (overtaking British Telecom) while Glaxo, which once held the title, surged by 7.5 per cent.

This followed the news that, because of a provision in the Gatt trade agreement, the US patent on Zantac, Glaxo's anti-ulcer treatment, could be

extended by 19 months. Analysts estimate that this could provide Glaxo with extra revenue of between £500m and £800m - which, although very welcome, hardly justifies a £1.5bn increase in the company's market value.

Insurance shares were left out of the party after the Halifax announced it was cutting an average of 20 per cent off building cover from next year. Sun Alliance closed at 295p, down 6 per cent on the week.

The week also brought a clutch of profit warnings from smaller companies. Canadian Pizza, the pizza-base supplier, had offended once already since it came to the stock market last November and its shares crumbled to 79p compared with 200p at flotation.

New issues apart, there have been fewer disappointments than might have been expected this year, with overall profits growing more strongly than most observers predicted. Some are expecting even faster growth this year. Merrill Lynch forecasts total market profits up 24 per cent - almost twice the consensus - driven by rapid economic recovery in continental Europe and good growth in domestic demand.

Yet, the firm's Footsie prediction for the end of next year is only 3,280, in line with its contention that earnings multiples are due to fall more sharply than believed generally.

In part, this reflects the increased number of quoted utilities, shares of which command a lower than average earnings multiple and higher yield. Because of this change, it could be argued that the UK market is not quite as cheap as it looks by historic standards, or relative to other European markets.

Even so, UK shares do look attractive compared with the US and most continental markets. Following London's sharp underperformance in the first half of 1994, the optimists argue that the more recent recovery looks set to continue.

The City's Billy Bunters insist that the year-end rally is still in the post.

The week before Christmas is usually one of the quietest trading periods on Wall Street. From Monday on, business winds down rapidly as investors and dealers tidy up their books ahead of the holiday and Christmas shopping trips, office parties (and office party hangovers) take their toll on both enthusiasm and trading volumes.

Not this week, however. Since Monday, the stock market has been inflamed by (in chronological order): the fall from last Friday's record-breaking "triple-witching" session; Intel's hamfisted handling of the flawed chip fiasco; Microsoft's announcement of yet another delay in the introduction of the new version of its Windows software; a Federal Reserve open market committee meeting; chaos in Latin American debt and equity markets; growing concerns about Russian military intervention in the breakaway republic of Chechnya; and, just to top it all, a firebomb explosion at a subway station in the financial district which revived memories of the devastating bombing of the World Trade Centre in 1992.

All in all, a pretty lively pre-Christmas week, and the fact that the market managed to come out of it ahead was a testament to the power of this year's belated December rally.

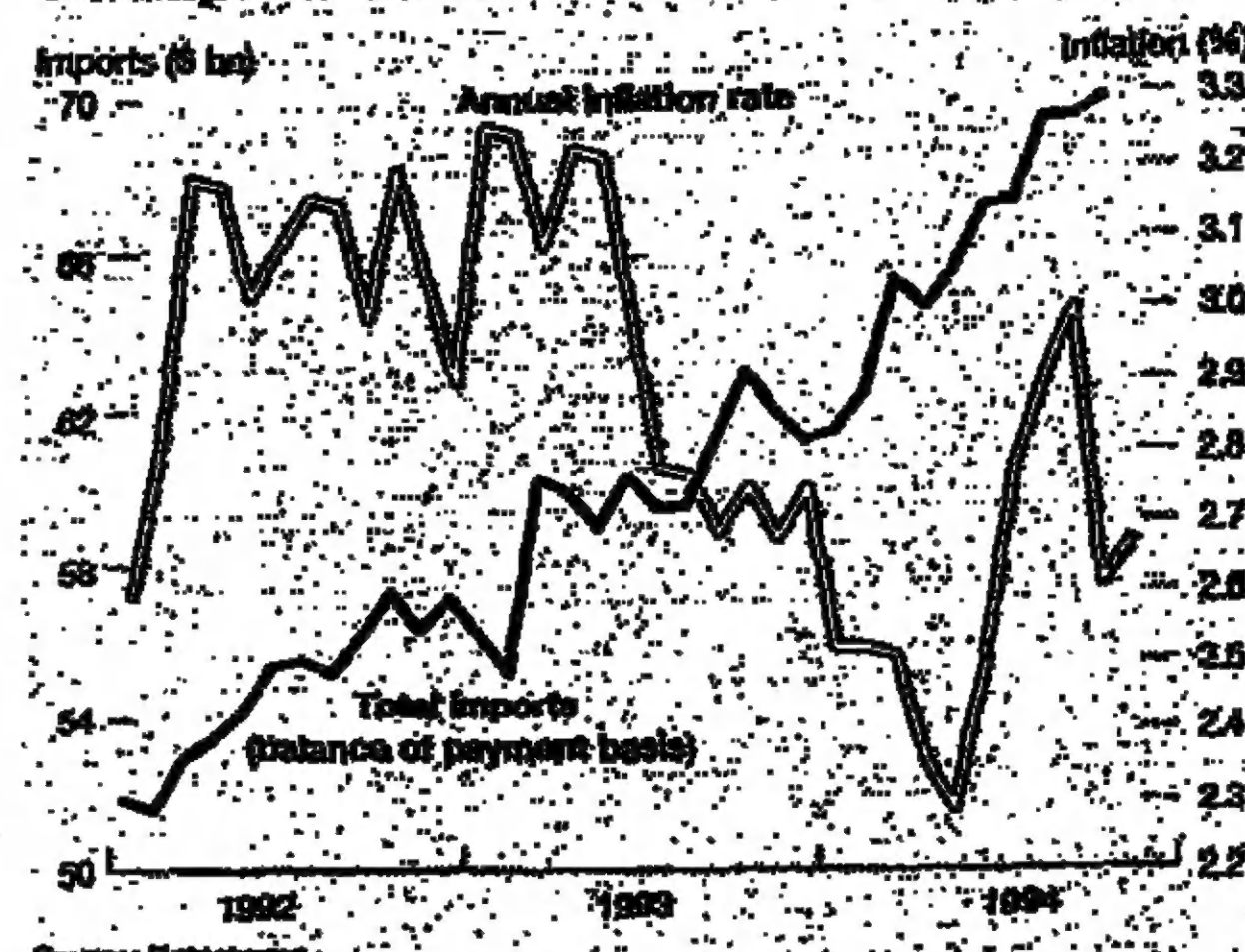
Some of the credit for the gains should go to the Fed,

which decided at its open market committee meeting on Tuesday not to raise interest rates one more time in 1994. Although the decision to keep rates unchanged was expected, investors were still relieved. It looks as if the market has six weeks of breathing space before the Fed's policy makers next sit down to discuss interest rates, six weeks in which investors can try to build on the modest, but seemingly solid, gains of the past 14 days.

The chances of the rates going up early next year, however, remain strong. Judging by the statistics released this week, the economy is still growing at an impressive - and potentially inflationary - clip. Data on durable goods orders, consumer spending, and merchandise trade all painted the picture of an economy in robust health. The trade figures were particularly revealing. In November, the deficit widened to \$10.14bn (the second largest ever) because of a sharp drop in exports and a big jump in imports, which totalled a record \$70bn.

Although imports have been rising sharply for most of the year, there is no sign yet that this is having much of an effect on inflation. At some point, however, analysts expect import growth to fuel inflation - most likely early next year. This expectation, plus the fact that the widening deficit only adds to the downward pressure on the dollar, increases the

US imports and inflation



Source: Dataquest

chances for another monetary policy tightening in late January or early February.

Yet, for now, investors appear content to put their interest rate fears to one side. While the Dow posted declines on Monday and Tuesday this week, most of the selling was attributed to a technical follow-through from Friday, when massive buying related to "triple-witching" (the simultaneous expiration of various stock options and futures) boosted share prices and lifted volume close to record levels.

By Wednesday, the December rally was back on track, and the Dow broke above 3,800 for the first time in more than a month. Some of the credit for

the gains went to the technology sector, where stocks continued to rally in the wake of Intel's decision to finally get to grips with the problem of its faulty Pentium chips. After stalling for several weeks, the company announced on Tuesday that it would, after all, replace the flawed chips for customers - free of charge, and no questions asked.

The decision helped Intel's share price rebound strongly from last week's losses, and prompted a sector-wide rally that was vigorous enough to lift shares in Microsoft, even though the software giant was still suffering negative publicity following its announcement that the release of Windows 95

- the long-awaited new version of the best-selling program - will be delayed yet again, possibly until as late as next August.

By Thursday, external political events were weighing on investors' minds. Although the escalating conflict between Russia and Chechnya was troubling, it was still too distant and too small to frighten the market. Of more immediate, and local, concern was the financial crisis in Mexico, where the peso's woes sparked a devaluation, then flotation, of the currency, followed by a sharp sell-off in Latin American bond markets.

Yet, the implications of Mexico's money problems were not entirely negative for US stocks. While the shares of big US banks with significant business interests south of the border suffered, and the ADRs (American depositary receipts) of American companies took a predictable beating, the rest of the market held up well, with analysts proclaiming that the turmoil in Latin American markets would persuade international investors to redirect some of their capital to the relatively safe haven of US stocks.

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Santa's package for rich bosses

Barry Riley pens a heart-warming seasonal story on top people's pay - ho! ho! ho!

Thud! Swoosh! Father Christmas landed his sleigh just outside his front door. "What!" he shouted to the reindeer. "Jolly good. Another blooming Christmas over. But my feet are just like blocks of ice. Time for a good hot cup of tea."

He looked round at his old, familiar kitchen. The kettle had begun to bubble on the gas cooker. The boiler cast a red glow as he stretched his feet towards it. "Ho! ho! ho!" he laughed as he thought of the presents being unwrapped all over the country.

All the same, his contentment was tinged with regret. Another year stretched before him with nothing much to do except feed his reindeer and re-paint his sleigh. "Things are getting so much tougher," he complained, with a sigh. "There's hardly a proper decent chimney left across the land and I have to try to squeeze through all those blooming balanced flues. What a lack of consideration."

"There's no doubt I need another job in the new year. Something part-time so I can continue to carry out my Father Christmas responsibilities. But who will employ me when all I know about is giving presents to everybody? I would be no use as a banker - except, perhaps, in a property boom, ho! ho! ho!"

Sighing, he picked up the jobs section of the newspaper. "What's all this?" he said, turning the pages and reading aloud. "Excellent remuneration package... highly competitive package to be negotiated... flexible compensation package plus benefits. Well, I certainly know all about attractive blooming packages."

He sat up, abruptly. "That's it," he exclaimed. "I will become a compensation consultant."

So it was that, early in the

new year, Father Christmas went to a nearby big city and looked around for a place to work. Very soon, he passed an expensive-looking office block with a big new sign above the door: North Trent Electric.

"This will be one of these newly-privatised utilities which the government gave away for almost nothing the other Christmas," he recalled. "At the time, I thought it was trying to put me out of a blooming job. Now, the electricity companies are trying to do the same thing by giving lots of money away to investors."

He paused for a moment and glanced at a folder on his desk marked Global Remuneration Benchmarks. "Wait a minute. How about boardroom pay? Will you advise on top executive packages?"

Father Christmas beamed. "Of course," he replied. "Rich kids, poor kids, they're all blooming same to me, ho! ho! ho! But there is just one condition: you must convince me that you really believe in Father Christmas."

Snipstap's eyes narrowed for a moment, then he nodded. "In this respect, at least, you can be sure that we sincerely do," he conceded.

And so Father Christmas was appointed formally as consultant to the remuneration committee of the board. The committee consisted of three non-executive directors: the chairman, Lord Duffer, and two outsiders who happened to be the chief executive officers of South Midlands Electricity and West Central Power.

His advice was simple. The chief executive's pay should be as good as that of any of his competitors, plus a little bit for luck. The two outsiders on the committee agreed this was a fine idea and asked if Father Christmas would like to become a consultant to their companies, too.

He was overjoyed. In fact, he said, this was just like having Christmas every single day. They all agreed.

disbelief. "You don't seem to be very well-informed, if I may say so, Mr Christmas," he snapped. "We're down-sizing here. The saving from every job we de-emphasise goes straight on to the bottom line. Not that we really like it, of course, but it's the way the regulatory regime was designed. So we can't use you - unless..."

He paused for a moment and glanced at a folder on his desk marked Global Remuneration Benchmarks. "Wait a minute. How about boardroom pay? Will you advise on top executive packages?"

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Father Christmas had a busy year. His reputation spread

rapidly and he was called in by many big companies, including manufacturers and retailers - even some big City of London finance companies which agreed that their directors must be awarded competitive rolling packages. Otherwise, they would not have the incentive to act as responsible investors and proprietors, making sure that the companies in which they put money were run properly.

"After all," said Father Christmas, as he recommended they adopt rolling three-year contracts, "we must make sure that market forces will bloom."

He turned on the gas cooker to make a cup of tea but it blew itself out with a loud pop

ing well operate in this risky environment."

Sometimes, he got repeat consultancy calls. One came from North Trent Electric, which called Father Christmas back to consider what Lord Duffer called the "knock-on consequences of unforeseen trends in top executive pay elsewhere in the electricity industry."

"Yes, we must add a bit more," Father Christmas advised. "We can't have anybody being paid less than the average, can we?"

All too soon, it was autumn. "Crumbs," said Father Christmas, "I must soon overhaul my sleigh and start loading it up. I have time for only one more consultation before I prepare for Christmas Eve, ho! ho! ho!"

Who was it to be? The phone rang, and a voice said: "British Gas here. Come at once, we

need some urgent advice."

At British Gas headquarters the chairman, a charming American, came quickly to the point. "Frankly, it's a bit embarrassing," he said. "My pay is £450,000, although I work only part-time as a non-executive. But our full-time chief executive, Mr Brown, is paid only £270,000. It looks out of line. What do you advise?"

"Well," said Father Christmas, "you could reduce your own pay. But after all, it is nearly Christmas. What's more, I have a database of top executive pay all around the world - except in poor countries, of course - which proves that Mr Brown is substantially under-compensated."

"Now, £500,000 might look a bit much, so let's split the difference. Therefore, I recommend that you pay him, er, £475,000. Plus, of course, the right to test all the latest luxury gas appliances free in his own home. But no blooming balanced flues, please."

Outside, it was snowing. "I must hurry," said Father Christmas. "It would never do to be late. This is my real job."

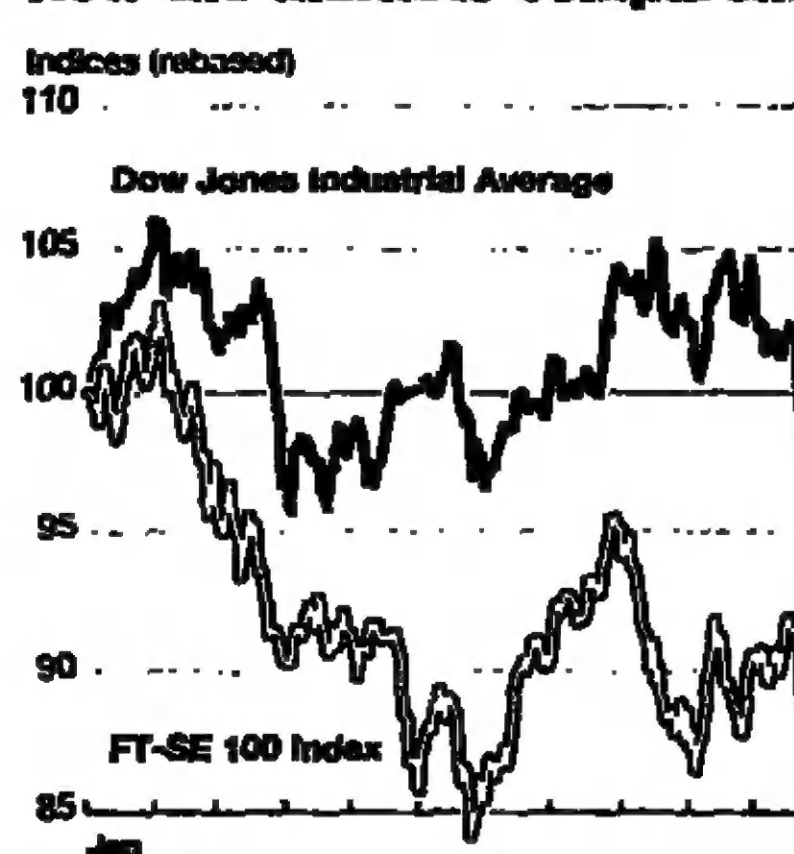
The sleigh was packed in no time and the tarpaulin fixed over the presents. "If I just harness the blooming reindeer, we'll be ready."

The sleigh flew through the sky. "Work, work, work," grumbled Father Christmas. It was almost dawn when he finished and led the reindeer into their stable.

He put the kettle on to make a cup of tea and settled down in front of the fire to open his own cards and presents. The biggest envelope of all contained a huge Christmas card with a glowing flame pictured on it.

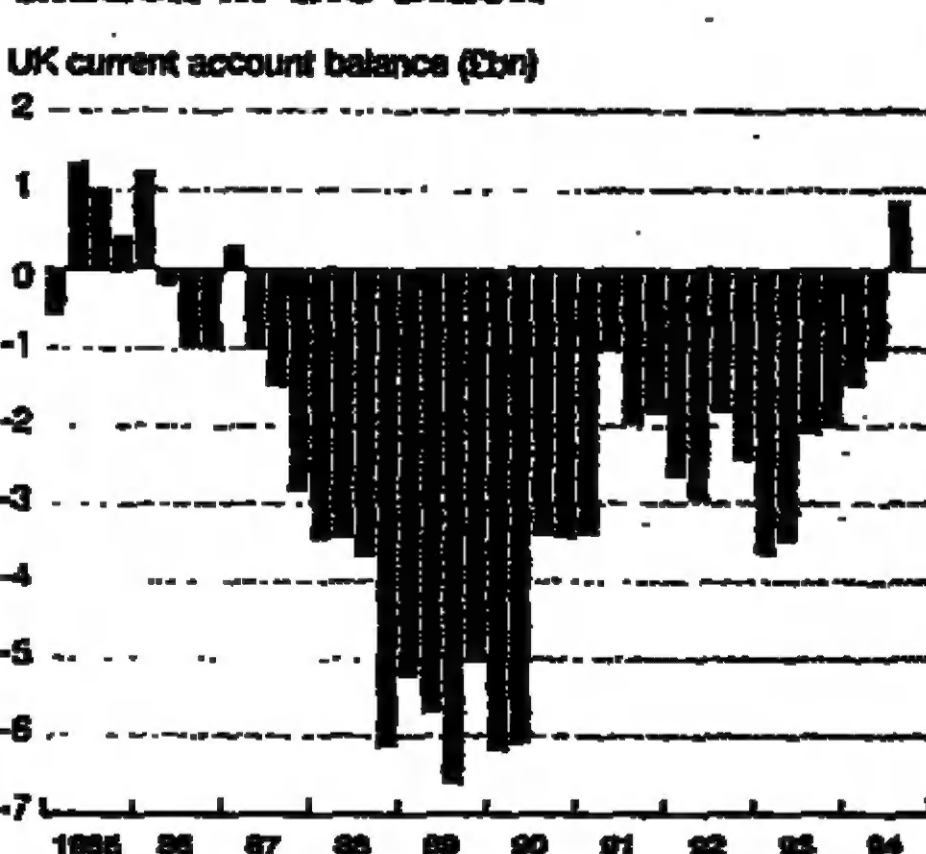
It said: "Thanks for everything, Cedric Brown. PS: To think that, until this year, I didn't believe in Father Christmas!"

How the markets compare...



Source: FT Graphite

...back in the black



Highlights of the week

	Price Ytd	Change on week	1994 High	1994 Low	
FT-SE 100 index	3083.4	+69.8	3520.3	2876.5	Bid-inspired pre-Christmas rally
Cable & Wireless	395	+23 1/2	543	352	UK reorganisation talk
Cadbury Schweppes	429	+29	545	392	Favourable press comment
Canadian Pizza	73	-15	225	73	Profits warning
De La Rue	834	-21	1035	825	Bid for Portals
GUS	541	+17	663	493	Recovery in retail stocks
Hall Ena	150	-15	330	143	Restructuring provisions
Hammerson	350	+41	435	296	Firm property sector
Northern Elect	1008	+21	1085	589	Trafalgar bids £1.2bn
Portals	1020	+100	1040	513	Bid by De La Rue
Sun Alliance	295	-12	418	285	Malizia insurance cuts
Taylor Woodrow	190	+7	183	114 1/2	Share buy-back
Telegraph	379	+26	622	310	Hollinger share buy-back
TeleWest	172	-9 1/2	188	172	US selling
Welsh Water	655	+31	744	548	Bid speculation

سازا من الاعمال

CURRENCIES AND MONEY

MARKETS REPORT

Dollar firmer

The dollar was yesterday the beneficiary of Mexico's woes with the US currency profiting from a flight to quality, writes Philip Goulet.

The reverberations in Latin American markets, and beyond, of the sharp devaluation of the Mexican peso were still the focus of attention. Activity was, however, very quiet. Trading desks were tightly manned, and activity in Europe effectively died after the lunchtime release of the US durable goods data.

The dollar shed some of the gains it made on Thursday, but maintained its firmer tone to close in London at DM1.5763 from DM1.5805. Against the yen, it finished at ¥100.006 from ¥100.495. Elsewhere, the lira was firm after the excitement earlier in the week, culminating in the resignation on Thursday of Mr Silvio Berlusconi, the prime minister. The lira finished unchanged at L1.059.

Also attracting some attention was the New Zealand dollar, which touched a six year high of \$0.643 in Asian trading.

Analysts said that the ramifications of Mexico's devaluation were potentially more serious for the region than the collapse of the ERM had been for Europe.

The slide in the peso, from around 3.46 on Monday, to 4.70 yesterday, has spilled over into the domestic release of the US durable goods data.

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Dollar

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COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper's price rally halted

London's commodities markets broke up for the Christmas holiday at lunchtime yesterday in a relatively subdued mood. Recently strong markets, like some of the base metals, generally edged back a little, while recently weak ones, like coffee, clawed back some of their losses.

At the London Metal Exchange copper, which has been setting the trend for most other base metals, ended at \$2,968.75 a tonne for three months delivery, down \$11.75 on the day and \$15.75 on the week. But that was still \$25.25 above Tuesday's low and dealers were not ruling out a renewed attempt to break decisively above the \$3,000 mark after the festivities.

Yesterday's reversal was influenced by news of a rise in LME warehouse stocks, not a

big one, but none the less an unwelcome interruption to a long sequence of falls. The decline on the week could also be seen as modest in view of the easing in the concern about nearby supply tightness that had been an important factor in the market's recent strength. That was reflected in a narrowing in the cash premium over three months metal to \$20 a tonne from \$70 at the end of last week.

LME markets following copper's retreat yesterday were nickel, zinc and tin, but aluminium continued to make its own luck. The three months price rose \$3.25, helped by another big stock fall, to \$1,943.75 a tonne, up \$20 on the week and \$78.75 above Monday's low. The publication of

Russian industry data showing lower production and exports in 1994 also aided aluminium.

The London Commodity Exchange robust copper market sprang to life on Wednesday after Central American producers unveiled an export retention plan aimed at reversing the recent price slide - at the end of last week London futures prices were more than 35 per cent below the highs reached in the summer.

Although many traders were sceptical about the plan, which would take about 20 per cent of supplies out of the market until more remunerative price levels were restored, the March position at the LCE leapt \$218 a tonne on the day. By yesterday's close it was still \$183 up on the week at \$2,791 a tonne.

The producers were "strong on words", one trader told the Reuters news agency on Wednesday, "but are not likely to be as strong when it comes to shipments... There is little incentive for them to withhold coffee at current prices".

The producers more focused dealers' minds on the state of the market, however, and they seemed to come to the conclusion that the self-off following US Department of Agriculture's recent report on the world crop situation, had been overdone.

Another bullish pronouncement by the USDA - suggesting that world consumption of coffee in 1994-95 would be 3 to 4 per cent below its June forecast (before frosts and drought in Brazil drove up prices) - sparked off a \$75 price retreat on Thursday. But buyers were attracted back yesterday after Indonesia said it was backing the Central American plan.

Cocoa prices made slow but steady progress meanwhile, until they were trimmed back marginally yesterday. The March delivery price at the LCE ended at \$993 a tonne, down \$25 on the day and \$26 up on the week.

Much of the buying had been encouraged by the tightness of the expiring December futures position, which widened its premium over the March contract from \$15 to \$21 over the course of the week.

Richard Moseley

BASE METALS

LONDON METAL EXCHANGE

Prices from International Metal Trading

ALUMINIUM, 99.7% PURE (per tonne)

	Close	3 mths
1994-95	1943.75	1943.75
1994-96	1940.41	1940.41
1994-97	1944.19	1944.19
1994-98	1948.44	1948.44
1995-96	1955.40	1955.40

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

ALUMINIUM ALLOY (per tonne)

	Close	3 mths
1994-95	1670.75	1670.75
1994-96	1680.00	1680.00
1994-97	1680.00	1680.00
1994-98	1680.00	1680.00
1995-96	1675.00	1675.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

LEAD (per tonne)

	Close	3 mths
1994-95	609.00	609.00
1994-96	609.00	609.00
1994-97	609.00	609.00
1994-98	609.00	609.00
1995-96	609.00	609.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

TIN (per tonne)

	Close	3 mths
1994-95	6900.00	6900.00
1994-96	6900.00	6900.00
1994-97	6900.00	6900.00
1994-98	6900.00	6900.00
1995-96	6900.00	6900.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
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1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
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	Close	3 mths
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1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

Open bid: N/A

Open ask: N/A

Total daily turnover: N/A

COBALT, grade A (per tonne)

	Close	3 mths
1994-95	2090.00	2090.00
1994-96	2090.00	2090.00
1994-97	2090.00	2090.00
1994-98	2090.00	2090.00
1995-96	2090.00	2090.00

PRECIOUS METALS continued

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GUERNSEY (SIB RECOGNISED)

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RESEARCH DESIGN

Edward F. Pineda Moore		Chemical Industries Ltd.	
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IRELAND (SIB RECOGNISED)

[illegible][illegible][illegible][illegible]

Investment Management 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Country	Region	Year	Value
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China	East Asia	1992	1.00
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the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015.

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1. 2009年10月1日起，凡在中华人民共和国境内销售货物或者提供加工、修理修配劳务以及进口货物的单位和个人，均应按照《中华人民共和国增值税暂行条例》及实施细则缴纳增值税。

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

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LEISURE & HOTELS - Contd**OIL EXPLORATION & PRODUCTION - Cont****PROPERTY - Cont****RETAILERS, GENERAL - Cont.****TRANSPORT - Cont**[illegible]

Scalfaro gains support in fight to avoid early polls

By Robert Graham in Rome

Italian President Oscar Luigi Scalfaro yesterday received an important boost for his plan to avoid early elections in the wake of the resignation of the Berlusconi government.

Support for prolonging the parliament came from Mr Roberto Maroni, the interior minister and head of a large faction within the Northern League, a former coalition partner. His faction had been reluctant to break with the outgoing rightwing coalition headed by Mr Silvio Berlusconi, who wants the president to call early elections.

Mr Scalfaro, who can either find a new government or dissolve parliament, made clear that he viewed a snap election as disastrous for Italy.

The president believes elections can be held only when electoral laws have been improved

and clear guidelines and controls are established for the media, as three commercial television channels are controlled by Mr Berlusconi's Fininvest business empire.

Mr Berlusconi said "a very important company of the group" could be sold in coming days. "Elections are inevitable," Mr Berlusconi insisted.

Mr Maroni opposed the decision by Mr Umberto Bossi, the Northern League leader, to bring down the Berlusconi government by putting forward a no-confidence motion. In the past week, he has been co-ordinating some 40 "dissidents" among the movement's 105 deputies.

That split within the League appeared to strengthen the hand of Mr Berlusconi and his allies, the neo-fascist MSI/National Alliance, which has insisted there is no alternative to early elections. However, Mr Maroni's position

now means that almost 80 per cent of the deputies in parliament oppose early elections. He is also against Mr Berlusconi being allowed to form a second government, and wants him to resolve the conflict of interest with his ownership of Fininvest.

Mr Maroni stated publicly for the first time the motives behind Mr Berlusconi's strategy of early elections: "He [Berlusconi] wants to capitalise on [public sympathy] immediately because he won't be able to sustain this wave of sympathy for more than two months."

Beginning a series of formal political contacts yesterday, the president started with former presidents Giovanni Leone and Francesco Cossiga. The main discussions will not be until next Wednesday.

Fear of failure may renege Northern League, Page 2

BNF loses German contract for Thorp

By David Lascelles, Resources Editor

British Nuclear Fuels has lost a multi-million-pound German contract for its Thorp reprocessing plant because of pressures from the anti-nuclear lobby.

The cancellation is a blow for BNF, which is currently negotiating a number of long-term contracts for the plant at Sellafield, Cumbria, built over 10 years at a cost of £250m.

It comes just a year after BNF won a licence to operate Thorp, following a bitterly contested battle with environmentalists in which BNF put great weight on Thorp's economic prospects. The Krümmel nuclear power station in northern Germany has told BNF that it has decided to dispose of spent fuel from its reactors at an underground repository instead.

Krümmel is 50 per cent owned by Hamburgische Elektrizitätswerke, the municipal utility controlled by the city of Hamburg which is run by the Social Democratic party. The Social Democrats oppose nuclear reprocessing because it produces plutonium.

Direct disposal has become possible in Germany this year following law changes and the start of construction of a repository in Gorleben, north-west Germany. Direct disposal is also favoured by utilities because it is cheaper than reprocessing.

The cancelled contract covers the second 10 years of Thorp's operation, from 2004 to 2014, and involves around 125 tonnes of spent fuel. Krümmel still has a contract for the first 10 years which it will see through because Gorleben is not yet ready to accept spent fuel for a number of years.

BNF said it was disappointed by the cancellation, but pointed out that the contract represented only 4 per cent of the order book for Thorp's second 10 years. The owners of the Krümmel plant would have to pay "significant" cancellation charges.

The company said the value of the contract was less than 1 per cent of the 25m revenues so far secured for Thorp.

Mr Graham Watts, BNF's international director, said he had no indication that other German utilities were about to cancel contracts with Thorp, but in the worst case he estimated that BNF could lose 20 per cent of orders in the second 10 years. He said that would not affect the viability of Thorp, which was based on projected revenues for the first 10 years of its life.

The bulk of Thorp's business will come from UK nuclear power stations. But foreign contracts are essential to the long-term survival of the plant. Capacity in the first 10 years is sold out, but only 40 per cent of the second 10 years has been sold.

In order to secure German contracts, BNF has been offering opt-out clauses, but the cancellation charges rise each year. They are due to rise again on January 1.

THE LEX COLUMN

Year-end options

So far, this has been a remarkably poor year for equities. The FT-SE 100's efforts at a rally petered out yesterday, leaving the index down nearly 10 per cent since the start of the year. The total return on equities has been minus 6 per cent, only the third time in 30 years the rate has been negative. The average return on gilts during the past five years is now higher than for equities.

But the year is not yet over. Last December, the index achieved a 6 per cent rally, posting a 50 point rise in a single day between Christmas and New Year. The surprise holiday period increase was caused by the expiry of a series of over-the-counter option contracts. The contract writers and their clients can make significant profits if the index ends the year at a level. Given the traditionally low volumes during the holidays, it is easier for them to drive the index where they want. Hence the surprising volatility. That does not mean the market will move sharply upwards - it could equally fall. But the year-end could yet prove interesting.

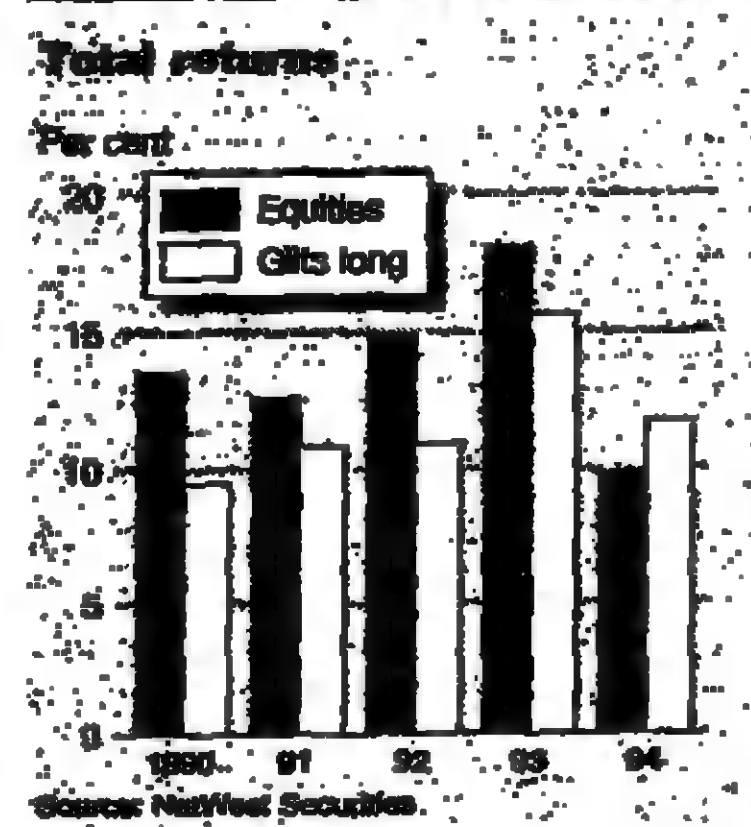
The forces driving this month's short-lived rally - merger and acquisitions - will not disappear. Companies, holding ever greater quantities of cash, are on the hunt for targets. The market's fall this year make these look decidedly cheap. The favoured sectors include merchant banks, electricity and water, and the second-oil stocks following Premier Consolidated Oilfields' disclosure it was interested in Pict Petroleum. Little is likely to spread rationalisation. For next year alone, European manufacturing companies' earnings are set to grow approximately three times faster than consumer goods companies - by nearly 50 per cent compared with 18 per cent. Hoechst's announcement this week that it will be raising prices for some of its fibres by 5 to 10 per cent early next year points to encouraging price resilience. Consumer goods companies have defensive qualities but cyclical stocks are due for a second round of outperformance.

European cyclical

German steel, chemical and engineering companies' shares have given the German stock market a fillip this week, raising a broader question about the investment attractions of so-called cyclical stocks. These are manufacturing companies with earnings strongly geared to the ups and downs of economic cycles. Their share price performance tends to run in advance of developments in the real economy, but not to the extent seen in the current cycle.

With some obvious exceptions, such as British Steel, the best performing share in the FT-SE 100 index this year, shares in European manufacturing companies have underperformed consumer goods companies in 1994. Since July, the underperformance amounts

FT-SE Index: 3091.7 (+21.3)



to more than 10 per cent, paralleling in a subdued way what has happened on Wall Street, where consumer stocks have outpaced manufacturers by more than 20 per cent since March. That this should be happening at the point where cyclical companies are generating large increases in earnings is not in itself anomalous: expectations of such increases powered outperformance in the shares long before the companies moved out of losses.

But arguably cyclical companies' earnings power is stronger than expected this time round, and the path to the peak of cyclical profits longer than predicted. This reflects improvements in the productivity of European manufacturing industry following widespread rationalisation. For next year alone, European manufacturing companies' earnings are set to grow approximately three times faster than consumer goods companies - by nearly 50 per cent compared with 18 per cent. Hoechst's announcement this week that it will be raising prices for some of its fibres by 5 to 10 per cent early next year points to encouraging price resilience. Consumer goods companies have defensive qualities but cyclical stocks are due for a second round of outperformance.

Japanese economy

The latest batch of economic statistics confirms the weakness of Japan's economic recovery so far. Next year also looks set to be below par. The government's 1995 budget, promising the lowest rise in public works spending for five years, will offer much less of a fiscal stimulus than last year's. Meanwhile, capital investment, the

foundation of previous recoveries, continues to lag. Although it may be near the bottom after a four-year decline, any pick-up in corporate investment is likely to be muted. Industry is ambivalent along at less than 75 per cent of capacity. That is about the same level as during the aftermath of the first oil shock 20 years ago. Despite the recent upturn in corporate profits, the average return on fixed capital remains miserly, explaining companies' inclination to keep their money in the bank.

Given the economy's sluggish progress, the Bank of Japan would be wise not to raise interest rates. The Bank is clearly concerned about inflation, its worst nightmare after the late 1980s bubble economy and its disastrous aftermath. But the large output gap which has emerged during the recession suggests that inflation fears are, for now, unfounded.

As government spending weakens in 1995, the industrial economy will need an easy monetary stance just as much as it did in September 1983, at the depth of recession, when the Bank cut the official discount rate to resist a deflationary slide. The Bank has been nudging overnight rates down over the past week. That argues well if it is, perhaps, evidence that its new governor is - contrary to the markets' worries - trying out an accommodative monetary policy.

US mutual funds

US small shareholders have been looking at their investment returns for the year to date, and are disgruntled. Domestic equity investments have not risen at all, while bonds are down about 6 per cent. The poor performance has led to a marked decline in investment in mutual funds during the course of the year, combined with a gradual increase in redemptions. In the first 10 months of 1994, net inflows into domestic bond and equity funds ran at a monthly \$10bn, half last year's level. Net domestic investment shrank to \$3.1bn in October.

Data due next week for the month of November are likely to show a further acceleration of this trend, although the full impact of the 75 basis point increase in US short-term rates in late November will be seen only later. Higher rates encourage a switch into cash. The impact of outflows will be felt not just in US financial markets but also elsewhere in the world: approximately one eighth of mutual funds' assets is held overseas.

Army split on Chechnya

Continued from Page 1

told the RIA-Novosti news agency that he would accept command of the Chechen operation, if offered, but only to get the troops out of Chechnya.

"From the military point of view, the Russian army should never have entered Chechnya," he said.

Gen Lebed, whom a recent poll showed to be the most popular commander among his military peers, has criticised the operation before. But his intervention might aggravate what is now a highly charged situation.

The Ministry of Defense is still denying a RIA-Novosti report on Thursday that six senior commanders had been dismissed - although unofficial sources say they have offered resignations, which have been refused.

Mediator

Continued from Page 1

for the 162-game season to more than \$35,000 a match, want nothing to do with a salary cap. They think it smacks of the indentured servitude from which they have worked over the last 25 years to escape. This being America, the dispute will now go to court.

The owners will also go ahead with plans to start next season with minor league players, including, possibly, Michael Jordan, the retired basketball superstar who enjoyed only modest success last season as an outfielder in Birmingham, Alabama. But the players have already gone to court to stop the import of foreign professionals from south of the border and Asia.

Owners have also advised the sport's umpires, involved in a separate contractual dispute, that they will all be fired on January 1. If they are deemed disposable, then who needs Jimmy Carter?

B&B to sell home loans by telephone

By Alison Smith

Bradford & Bingley Building Society is set to become the first high street lender to provide a "phone alone" service, offering mortgages at a lower interest rate than those provided through its branch network.

The scheme, to be launched in the spring, is intended to compete with Direct Line, the telephone-based insurance subsidiary of Royal Bank of Scotland. Direct Line began selling home loans earlier this year and offers repayment mortgages to existing customers at 7.14 per cent. The standard interest rate charged by most mortgage lenders is between 8.09 per cent and 8.14 per cent.

B&B's telephone-based mortgages will have an interest rate similar to that of Direct Line, which will be achieved partly through not having to carry the costs of a branch network.

The pricing is also helped by the fact that it should be a lower-risk operation. The percentage of the property value available as a

loan is likely to be about 75 per cent - some mortgages sold through branches are available for up to 95 per cent of the value of the home.

B&B, the UK's seventh largest society, aims to attract new customers through the venture. To differentiate the product, the marketing will use just one bowler hat where the society's trademark is two.

The scheme carries some risk that the society may deter potential customers, as they will not be able to apply for the mortgage at a branch.

Other building societies and banks have already set up telephone services, but these have been combined with a branch service. Interest rates charged have been the same throughout, and have not reflected the lower costs of not having to maintain a branch network.

This trend will continue next year when the UK's two largest building societies - Halifax and Nationwide - enter the telephone mortgage market in a substantial way.

QE2 trapped in N York

Continued from Page 1

promising our safety standards, and we have had a Marine Safety Agency inspector on board who signed a safety certificate [in Southampton]. The MSA is the British government agency responsible for safety at sea.

The US Coastguard also said there were openings in draught stops in the ventilation system, which close during fires to prevent the passage of flames and fumes, and there were holes in fire-containment bulkheads.

Speaking from on board the QE2, one passenger, who asked

not to be named, said passengers were "bitterly disappointed" by the latest delay. He said Cunard had offered to repatriate any passengers who did disembark, and give them a free cruise next year.

The QE2 had been due to leave New York at midnight on Thursday for the Caribbean, but was still lying at the passenger ship terminal on Manhattan's west side in the early afternoon yesterday.

Cunard in New York said: "The Coastguard said refurbishment work needed to be completed. We expect the QE2 to sail at 6pm [New York time]."

FT WEATHER GUIDE

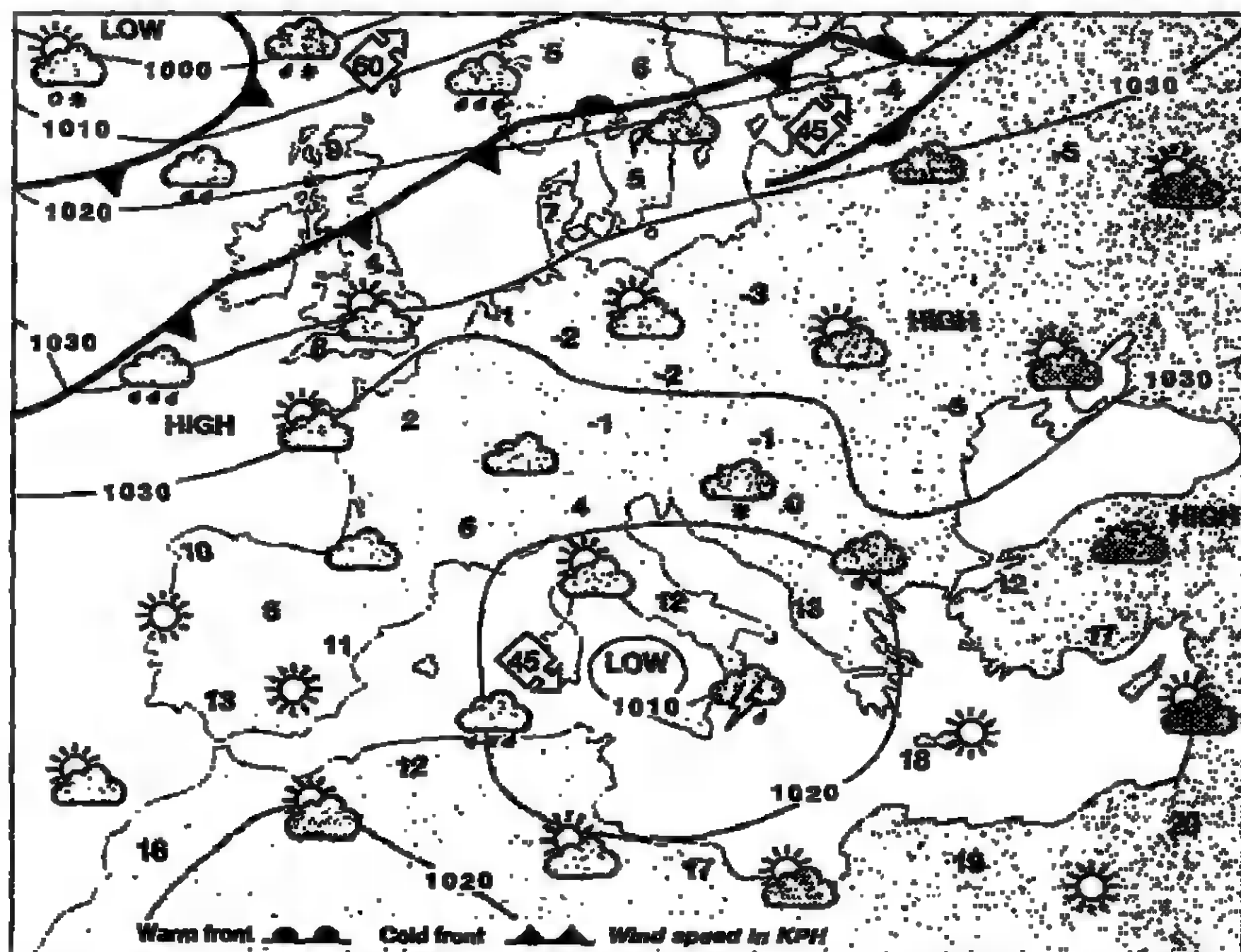
Europe today

The zone of high pressure which has influenced conditions in Europe during the last few days will slowly flow into central Europe as it weakens. A deep depression near Iceland will push colder air from the northern Atlantic into Europe. A strong south-westerly air flow will develop over the UK, Scandinavia and the north-west. A band of rain will form over the central UK.

Sunshine and cloud will alternate and conditions will be dry in most of Europe. Spain will have plenty of sunshine, while most other Mediterranean countries will have cloud and rain.

Five-day forecast

The zone of low pressure over the Mediterranean will flow eastward. There will be cloud and rain and occasional thunder. The south-westerly air flow over northern Europe, the UK, and the north-western continent will continue next week. A white Christmas is not expected for these areas, though there may be snow on higher ground.



TODAY'S TEMPERATURES

Maximum	Minimum	Forecast	Wind
London	10	12	10
Edinburgh	8	10	10
Birmingham	12	14	10
Manchester	11	13	10
Cardiff	9	11	10
Belfast	7	9	10
Stockholm	11	13	10
Helsinki	10	12	10
Oslo	11	13	10
Paris	12	14	10
Brussels	11	13	10
Amsterdam	10	12	10
Frankfurt	11	13	10
Munich	12	14	10
Berlin	11	13	10
Warsaw	10	12	10
Prague	9	11	10
Vienna	11	13	10
Zurich	10	12	10

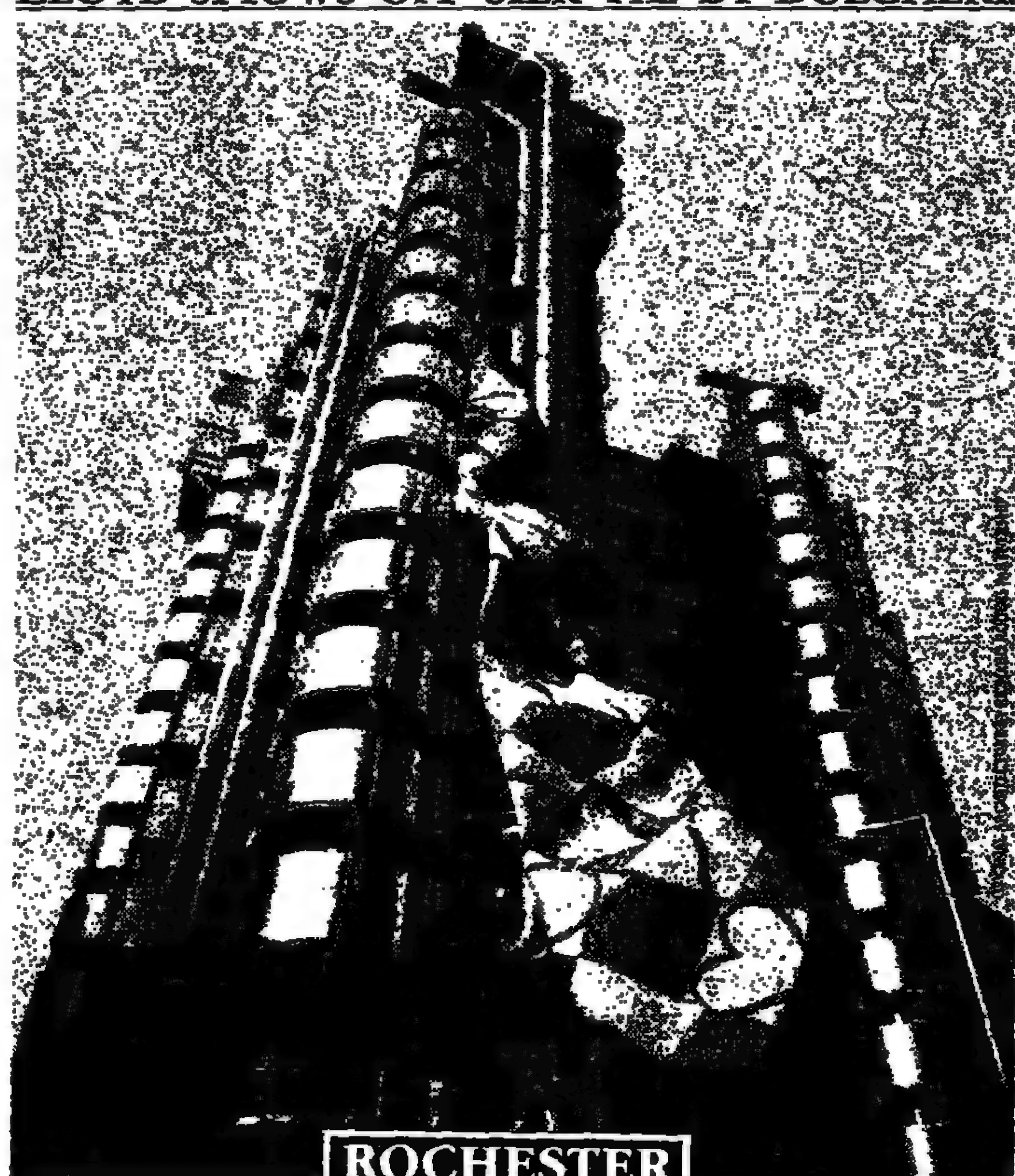
Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteor Consult of the Netherlands

Madrid	14	16	10
Barcelona	13	15	10
Valencia	12	14	10
Seville	11	13	10
Granada	10	12	10
Malaga	9	11	10
Almeria	8	10	10
Cordoba	7	9	10
Jaen	6	8	10
Huelva	5	7	10
Sevilla	4	6	10
Cadiz	3	5	10
San Sebastian	2	4	10
Bilbao	1	3	10
Vitoria	0	2	10
Pamplona	-1	1	10
Leizor	-2	0	10
Donostia	-3	-1	10
San Pedro de Marcu	-4	-2	10
San Juan de Pie de	-5	-3	10
San Esteban de	-6	-4	10
San Martin de	-7	-5	10
San Sebastian	-8	-6	10
San Pedro de	-9	-7	10
San Juan de	-10	-8	10
San Esteban de	-11	-9	10
San Martin de	-12	-10	10
San Sebastian	-13	-11	10
San Pedro de	-14	-12	10
San Juan de	-15	-13	10
San Esteban de	-16	-14	10
San Martin de	-17	-15	10
San Sebastian	-18	-16	10
San Pedro de	-19	-17	10
San Juan de	-20	-18	10
San Esteban de	-21	-19	10
San Martin de	-22	-20	10
San Sebastian	-23	-21	10
San Pedro de	-24	-22	10
San Juan de	-25	-23	10
San Esteban de	-26	-24	10
San Martin de	-27	-25	10
San Sebastian	-28	-26	10
San Pedro de	-29	-27	10
San Juan de	-30	-28	10
San Esteban de	-31	-29	10
San Martin de	-32	-30	10
San Sebastian	-33	-31	10
San Pedro de	-34	-32	10
San Juan de	-35	-33	10
San Esteban de	-36	-34	10
San Martin de	-37	-35	10
San Sebastian	-38	-36	10
San Pedro de	-39	-37	10
San Juan de	-40	-38	10
San Esteban de	-41	-39	10
San Martin de	-42	-40	10
San Sebastian	-43	-41	10
San Pedro de	-44	-42	10
San Juan de	-45	-43	10
San Esteban de	-46	-44	10
San Martin de	-47	-45	10
San Sebastian	-48	-46	10
San Pedro de	-49	-47	10
San Juan de	-50	-48	10

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Truth of the Matter

Hosar

Hugh Dickinson

Hosar is a new and exciting... (text continues in columns)

مساحة من الارض

Weekend FT

John Paul II's absolutist approach is upsetting Roman Catholics. Robert Graham and Paul Betts report

Twilight crusade of an obdurate Pope

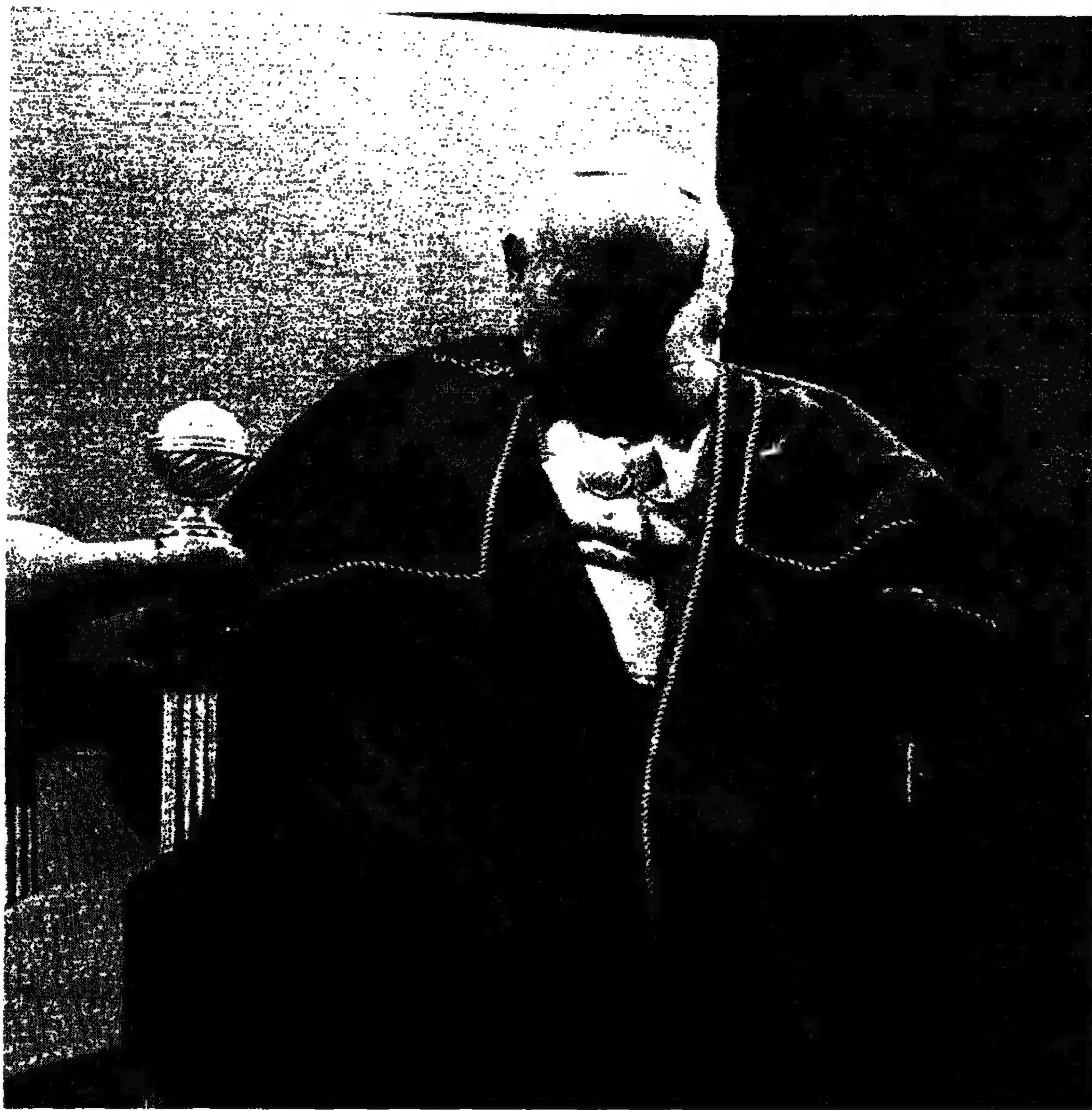
When Karol Wojtyla, Pope John Paul II, bishop of Rome, vicar of Christ, infallible in matters of faith and morals for the world's 950m Roman Catholics, emerges tomorrow on the main balcony in St Peter's Square to deliver his traditional *Urbi et orbi* Christmas message, there will be the usual cheers of "Viva il Papa". But there will be none of the spontaneous explosion of enthusiasm which greeted his first appearance on the same balcony 16 years ago. The crowds and the Roman Catholic church as a whole were stunned by the election of the first Polish Pope and the first non-Italian in 455 years to sit in St Peter's chair. He described himself as a man "from a far country" amid the roars of the faithful. They saw a vigorous and charismatic man - a swimmer, footballer, skier, and actor - who had fought communist oppression in his native Poland and seemed decidedly the man to lead the Church into modern times: a social reformer launching a revanchist crusade to re-introduce Christianity into the modern secular societies of the west and re-invigorate the Church's missionary drive in the developing world. But with old age creeping up on him, the Pope's photogenic figure is increasingly stooped. Although he continues to attract huge crowds and his spirituality remains unchallenged, his reputation is more and more at risk from his conservatism. Instead of confidently lead-

ing a united Church into the third millennium, his moral and theological conservatism is creating divisions within the Church by alienating Catholics in modern industrialised society as well as provoking unholy wars between radicals and traditionalists in the developing world.

Some accuse him of fundamentalism in his uncompromising views on abortion and artificial contraception. Many have been angered by his intolerance against dissenting Catholic theologians such as Hans Kung, the German who questioned the Pope's infallibility. The Pope's defence of celibacy has continued to drive priests away from the priesthood in large numbers.

Just before he died, Graham Greene, a Catholic convert and critic of John Paul II, said the Pope reminded him of Ronald Reagan: "He was a former actor and liked crowds and cameras."

In Latin America, his refusal to endorse the message of Marxist-inspired "liberation theology" has led to fierce battles within the Church between radical priests and conservative bishops and a loss of Catholics comparable to that during the Reformation. In North America - with 60m Catholics, the Church's single largest source of funds - he has alienated many different interest groups, ranging from feminists and homosexuals to New Age devotees, all seeking an individual expression of their faith. In Africa and Asia, the appeal of traditional native religions are threatening the



Roman mould. Even in his native Poland, the popularity of the Church has fallen.

"Send the priests to the moon" (*Wysłażcie księżyc*) and other anti-clerical slogans appear regularly in the streets of this most Catholic of countries. "Those who save most are the people who avoid the priests," is another favourite. But probably the most cruel is a variation on the old anti-communist slogan, "get rid of the red". Now they are saying, "get rid of the black".

For the younger generation, the Church has to some extent replaced the old communist authoritarianism. It still com-

mands the approval of 53 per cent, but that compares with more than 90 per cent when the communists were in power. Although 63 per cent of Poles still go to church once a week, one third of these do not believe that the Church serves society well.

These dangers - and criticisms of the Wojtyla pontificate - are increasing at a time when the Pope's health can no longer be taken for granted. Since a fall in April breaking his right leg, he has appeared frail. Rumours of his illnesses abound. And, at the age of 74, he looks like a man working against the clock.

"Everywhere the Pope looks in the world, he sees religious decay and decline," explains John Cornwell, an author and Cambridge University academic. "He is wonderfully holy, but the Church is not only about good and evil but also about politics with its right-wing, centrist and leftist factions."

John Paul II's mission remains unchanged: "You must lead the Church into the third millennium," his Polish mentor, Stefan Cardinal Wyszyński, told him when he was elected in 1978. Now, the main tasks he has set himself are to achieve a reconciliation

with the Orthodox churches and to organise a special jubilee for the third Christian millennium.

Meanwhile, his global odyssey continues: his 63rd pastoral visit, in January, will be one of his most arduous embracing the Philippines, Australia, Papua New Guinea and Sri Lanka.

Nevertheless, the question of which direction the papacy

might take under his successor is inevitably beginning to preoccupy the Church.

The forces for conservatism are strong. The Pope has ensured that the college of cardinals is well stocked with his own appointees. The formal proclamation of 30 new cardinals, on November 26, ensures that the conclave electing his

Continued on Page XII

Truth of the Matter

Hosannas in the high street

Hugh Dickinson enjoys a throng carolling all the way from the cathedral to the shops

He - or she - was "Shocked and Dismayed". I think the signature was deliberately illegible. He or she was shocked and dismayed to see a senior dignitary of the church rubbing shoulders with the president of the chamber of commerce, the pantomime dame, the mayor, the chairman of the district council and the giant hobnob on an occasion "which simply advertised the commercial materialism of Christmas".

It all started quite innocently with a friendly glass of dry sherry for civic officials in the cathedral chapter house. The occasion was the switching on of the city lights for Christmas. We processed into the cathedral to find about 800 citizens of Salisbury eagerly waiting to sing their first carols. Various official personages read the familiar lessons - the protocol for these events is always tricky. Which bit of the story is, as it were, senior? Everyone was in fine voice and as we processed out we had to step over round-eyed children sitting in the middle of the aisles waving silver balloons. No shock or dismay yet. Outside the Cathedral, in the windy darkness, the Salvation Army Band waited. As we accompanied our way out into the high street a further 1,000 citizens coalesced around us.

There, awaiting us, towered the 15ft high figure of Hobnob, his face freshly painted and his cheeks rouged. He tends to swing in the wind a bit as he rotates on the four pairs of legs beneath him.

We surged after him to the entrance of the shopping mall - he had to go around as the archway is too low. Gathered around an empty fountain, the Salvation Army trombones struck up with festive sonority. Startled pigeons leapt out of the eaves. "Thus spake the seraph and forthwith appeared a mighty throng..."

The mighty throng at the other end of the mall was singing the same carol but a different verse. A group of teenagers outside Millets were singing their own words amid shrieks of laughter - I wonder if they were the same words I laughed at 50 years ago? Gammed against the window of a charity shop, full of artificial snow and second-hand dresses, we bump into the theatre director wiping the steam from her glasses. "Fancy seeing you here!" we say with equal surprise. The wife of a local landowner, with two long-legged daughters in incredibly short skirts, blows kisses at us across the singing heads. The good humour is almost tangible.

The pantomime dame, in a scarlet wig and a saffron ballgown, has climbed into the

fountain. "Ooh! There's the vicar!" She screams in mock horror, blowing kisses, too.

"All glory be to God on high," we yell back. Her bosom has slipped and is wildly asymmetrical. Familiar faces and complete strangers smile and sing.

The mayor, a small and sprightly woman, is in danger of being swamped. She has a minder who seems far more

'It's raining stars,' says a small boy perched on his father's shoulders

worried about her heavy gold chain with enamelled medallions than about her personal safety. A quick grab and it would disappear in the crowd. She might, too. Some doughty councillors close in around her and we push on to the market square.

Hobnob has already arrived and another 2,000 people are crowded in front of the guild hall by an avenue of four Christmas trees. The traffic has come to a resigned halt with drivers leaning out of their windows.

Children climb on to their

fathers' shoulders waving glowing wands or wearing Marian head-dresses with iridescent feathers. Somewhere another choir is cheerfully battling with the elements and a complex eight-part carol.

We struggle through the crowds behind the Salvation Army which is heading the final push for the safety of the steps up to a Palladian portico.

On a small floodlit stage to one side, a comedian in white bow tie and tails has been keeping the crowds amused over a loudspeaker system which carries to only the first 15 rows. Beyond that is jolly pandemonium. A bus honks wearily.

A flock of starlings takes off from the plane trees. On to the stage climb the mayor, the panto dame, the council chairman, the mayor's minder (his eyes glued to her neck) and Mr Tourism and Leisure.

The church hides discreetly behind a white stucco pillar where a small girl is being quietly and efficiently sick. Pink ice cream. Two pink ice creams by the look of it. I get 10 yards of loo paper from the toilets to mop it up. So I miss the district council chairman's speech. A reporter spots me and prays fervently. "O God, I wish I had a camera." Prayer, mercifully, not granted.

Now the panto dame has the microphone. He is a real pro

and knows just how to work the crowds. "Did you hear the one about Father Christmas and the rain, dear? He got dreadfully wet!" They love it. But here comes the big moment. The council chairman starts the countdown to the Big Switch On. "Ten, nine, eight...two...one. Bingo!"

The Christmas trees light up. All the shops around the square follow with their own illuminations. From the roof of the guild hall, fireworks scatter burning embers on upturned faces. Those of us in the portico rush out into the crowds to get a glimpse of all those angels in the sky.

A baby in a pram looks up and chuckles. Embers are falling all around so I hold my umbrella over it. "It's raining stars," says a boy perched on his father's head.

As the laughing crowds disperse we wedge our way against the tide, heading for mulled wine and mince pies with the civic authority, the mayor and the dame. We look back over the seething square. This is what it is all about - the holy and the secular rolled into one rich human texture. You can keep Regent Street. And Oxford Street. This is community. A little bit of heaven. Sorry, Shocked and Dismayed.

■ *The Rt Rev Hugh Dickinson is the Dean of Salisbury.*

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NEXT WEEK

War and Peace

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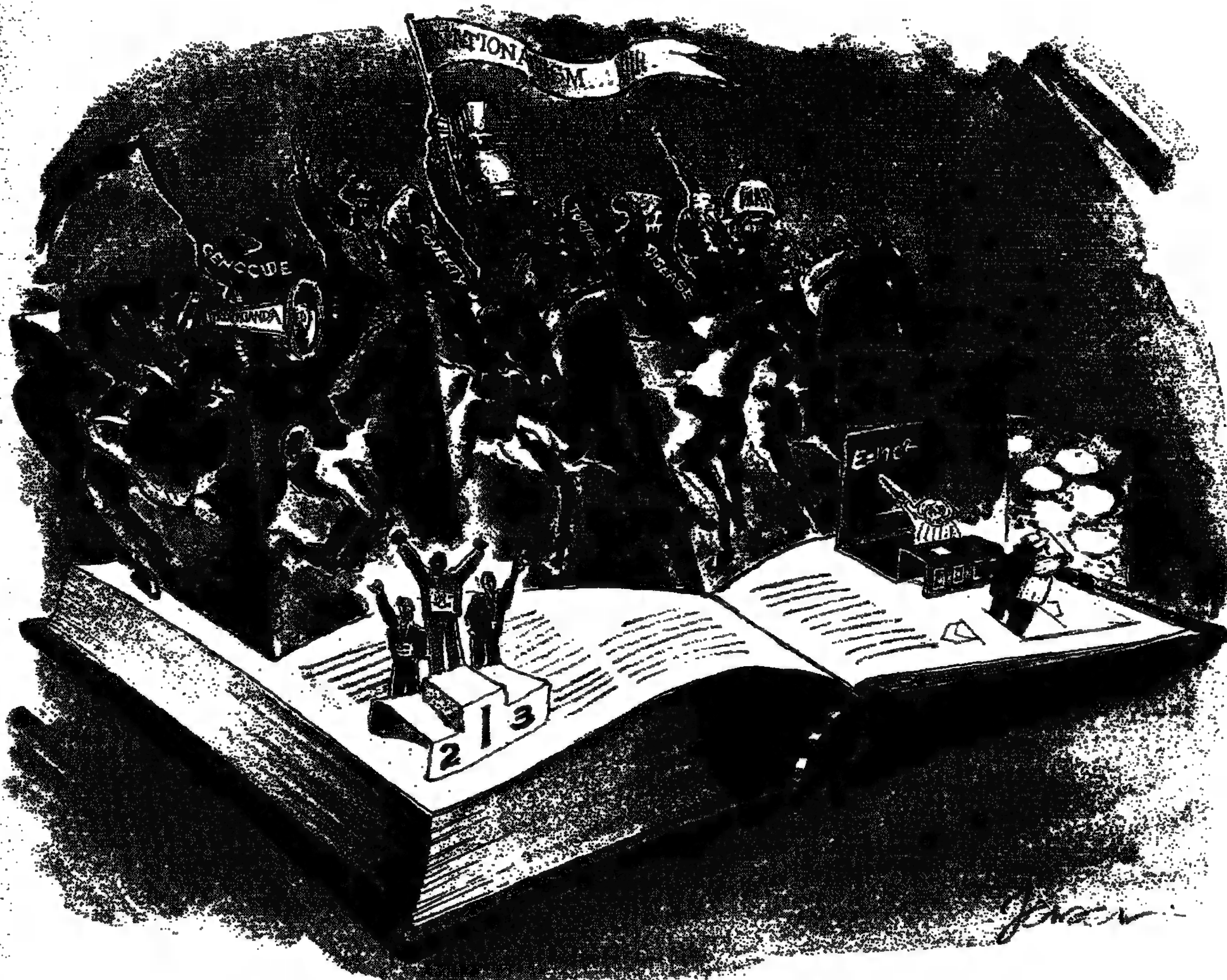
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Listen, my friend," a French academic once said to me in the early 1980s, "you are talking as if history actually happened."

We were speaking of the Suez Crisis of 1956 which I had written about in a film. "But didn't it?" I said to the plying smiles and good-natured looks of a roomful of continental European critics. Did I know, they asked, that history was a text to be deconstructed? It had no other real...

Years later, I met the same group and this time we were talking about the fall of the Berlin Wall, which I had written about in a novel. "You lot," I said, hoping to tease, "don't believe that anything actually happened in Berlin at all. Once again, the same plying smiles. Oh that! No one believes that old stuff any more..."

But don't mock. Fashion is the very breath of our cultural energy, and we should no more deny it to intellectuals than we do to teenagers or dress designers. Spawns a thousand creatures of thought, and time and again will select out those fittest to survive. And it is in this spirit that I want to revive the mental misadventure of yesterday and consider history as a text.

We have all been reading an immensely long novel and though we are in the final pages, no one quite knows how it is going to end.

Its accounts of human misery and courage make the works of Primo Levi pale; its least unlikely characters could only be drawn by a godly Dostoevsky; it has moments of invention that would have made Calvino weep with envy, and it attains peaks of tragic absurdity that would have sent Kafka cowering for solace into...

The plot thickens for the century's final chapter

The novelist Ian McEwan explains how to read history like a book

the arms of his father.

The pages teem with interlocking plots in the manner of *A Thousand and One Nights* and the reader has to pick a way through. Like that classic, and like *The Canterbury Tales*, this book has about it a democratic plenitude because everyone gets to tell a story. The title is a little dull, but don't be put off; it is, after Marjorie A. E. *Thousand Years of Europe*. Or shall we simply call this novel, *The Twentieth Century*?

It's pretty hard to begin talking about a book this long. We all have our favourite bits, so why not be anecdotal? Personally, I like that moment near the beginning when the obscure young clerk with specs twirls his conceptual lasso and binds time, matter, space and gravity into two beautiful theories from which springs a whole new scientific paradigm. I was on the edge of my seat for the first performance of *The Rise of Spring*, and I was stirred by the tale of the young doctor who, one grey afternoon on an Oxford running track, pushed himself to the first four-minute mile.

In fact, if you only read the chapters on scientific discov-

ery, artistic expression and sporting achievement and skipped the rest, you would end the novel beaming with pride and love for modern Europeans. What tumultuous

We should no more deny fashion to intellectuals than we do to teenagers or dress designers

intellectual energy and curiosity! What humour, and brave, beautiful barings of the soul!

What physical prowess and courage! What a people! But what you would have to skip is long, hard to read, and harder to understand. There are world wars, slaughter, torture, induced famine, forced migration, lies, propaganda and crazy ideologies and every cruelty and barbarity imaginable, with corpses piled a mil-

lion deep page after page.

The reader is insulted and disgusted by a mad and sickeningly repetitious tale of frenzied genocide in central Europe, of death factories and bureaucratic evil that seems finally to demolish his self-esteem, and cause him to damn all modern literature as an indulgent obscenity. Are we Europeans, with our "Démocratie d'Avignon", our heroic discovery of DNA, our European Cup, truly as bad as this? If so, can we ever forgive ourselves? And might we do it again? Troubled readers will suspect that applauding or deploring disparate episodes will take us no nearer to an understanding of this mighty novel. What we need is to discern the plot of all the plots, and we could do worse than try to think of a shape.

A few years ago, when we were three-quarters of the way through, a plausible pattern for many was in the form of a V. From the imperial certainties and prosperity of the late 19th century, we descend into the mayhem of two world wars, reaching rock-bottom degradation with the Holocaust; from this point, roughly mid-cen-

tury, we rise through postwar reconstruction, social stability, the German and Italian economic miracles, the trenchment of liberal democracies, and European integration.

True, there are the grey tyrannies of the east, but even here optimistic readers thought they could detect slow, if erratic, liberalisation. This simple, satisfying plot appears triumphantly vindicated by the events symbolised by the fall of the Berlin Wall. The second world war is finally over. Liberal democracies are inevitable everywhere. It is the end of history, some readers proclaimed, the end of this novel.

But unread chapters remained, and to some the V is beginning to look like a zigzag, plunging from the peak of 1989 as the old viruses of the European disease, frozen to inaction by the Cold War, begin to swarm back into the bloodstream: on the fringes are racism, nationalism, xenophobia and anti-Semitism.

Among the political elites, there is a new nervousness about the European project, and helplessness before genocide in former Yugoslavia; there is unemployment, home-

lessness and recession; and everywhere that deep pessimism and ungovernability of spirit known as the far right.

Even as our novel squares up to its resolution, we may yet see this zigzag transformed into an asymmetrical W, for in these days of the information revolution we cram far more on the page, and events move quickly. Also, it seems unlikely that the postwar generations of Europeans, with the nightmares behind them, will easily abandon the consensual ideas that brought them prosperity and peace.

Besides, the plots I have been talking of here belong to the mainstream of the political culture, and there are almost certainly other grand patterns that may turn out to be more important.

The lives of women have been transformed, as have those of many working people. The environment has been degraded even as our anguish about it intensifies. Our electronic machines are becoming ever more interesting. The old are getting older, and migration is on the increase, as are anti-national cults and religions of all kinds, with their attendant consolations and intolerance.

According to literary fashion, it is for every reader to deconstruct this text. As we begin to turn to the final chapters we had better start thinking about the reviews we will prepare, not for newspapers and journals, but for bars, cafés, kitchens and bedrooms.

Our chosen literary form is democratic: the more we listen to the reckonings of others, hear how they shuffle the priorities and try to see the different shapes of plots they discern, the better we will understand for ourselves this gigantic sprawling novel that no one can put down.

Truth of the Matter

Delusions about charity

Max Wilkinson debunks one of the most enduring fables of the season

It has been called the Wenceslas myth. Right-wing politicians give it ruder names. Modern socialists try to escape from it. Lady Thatcher battled against it. It is an obvious fallacy. Yet we are all, at one time or another, seduced by this powerful illusion.

The myth, as my colleague, Samuel Brittan explained, is to believe that the state has money to spend generously on the people's welfare. Politicians often exploit this idea, for example by giving pensioners supplements at Christmas.

The truth is that, unlike Wenceslas, elected governments have not a penny of their own money to give to the poor. Governments spend other people's money, or money obtained by forcing taxpayers into debt.

Politicians may claim to express the generous impulse of voters when they distribute cash and benefits to the less well-off. We may heartily approve of this; but we should never allow our rulers to assume moral superiority, nor delude ourselves that the government can give us anything that we have not given to it.

Wenceslas' winter walk, Brittan says, was a different matter. Like the present Queen of England, he had money of his own to spend on castles, trumpeters, banquets, dogs (even, had he been less saintly, on loose women and song). So when he and his shivering page-boy took food and wine to the poor man underneath the mountain, Wenceslas put his hand in his own pocket.

Brittan used the Wenceslas myth to explain the limits of government powers: that "what comes out must go in". The puzzle is that this economic truism has been so widely ignored and is even now considered by lecturers in some former polytechnics to be right-wing propaganda.

But there is a greater puzzle: why does anyone admire Wenceslas for his charitable exploits? Let us not be diverted by the "real" history of the 10th-century Bohemian chieftain (never a king) who inspired the carol. The question is, why should this songwriter's version of the story appeal so strongly to western imaginations?

Consider: it was (as told) an obvious publicity stunt. A more thoughtful Wenceslas would have sent the food to all the neighbouring poor a day or two before the feast of Stephen. Or at least he might have taken a manservant rather than an ill-dressed page-boy. And apart from this thoughtless mess, why did he not let the poor man into the palace kitchen when he first saw him, rather than waiting until he had carried his bundle a league or more back to his cottage by St Agnes' fountain?

Suppose a modern version were told of Bill Clinton, Boris Yeltsin or even John Major. How ridiculous, the columnists would opine. The publicity people must be completely out to lunch. And a little boy in the snow, you say? Pass the Kleenex.

It is "obvious" that there are better ways to help the poor than by acting on a sudden sentimental impulse as Wenceslas did. So why do we so treasure this myth? And resent the attempt to debunk it?

An intriguing answer is suggested by recent biological studies into the "problem" of altruism. This old problem, simply stated, is: if we are descended by Darwinian selection only from those who succeeded in a ruthless struggle for survival, why does anyone give to the poor?

The good king Wenceslas types would have been eliminated thousands of generations ago by the Joe Stalin and Adolf Hitler tendencies. A comparatively recent insight, explained by Richard Dawkins' "nearby 20 years ago and superbly developed in a recent book by Matt Ridley", is that Darwinian selection does not necessarily make people selfish - just the genes that they inherit and pass on.

Even in the rawest Darwinian world, it is now clear that total wickedness does not win. (Because, after the crooks have destroyed the naive altruists they rob each other.) Computer models show that the best survival strategy is "do as you are done by": fight the crooks but be nice to the nice guys.

Even so, as Christopher Badcock points out in a fascinating new book, "it will always 'pay' an individual (genetically speaking) to exploit his fellow man if he can get away

There are better ways to help the poor than by acting on a sudden sentimental impulse as Wenceslas did

with it. Naturally, the fellow man has reacted by evolving ways to avoid being exploited. One of these is the ability to see through con men. But can men retaliate by evolving ever more subtle ways of appearing plausible.

The best exploiters, says Badcock, will have been programmed genetically to believe genuinely in their own goodness. Then they can pretend to be saintly without betraying themselves. But since human genes are all mixed, we are all now partly "altruists" and partly "exploiters" (genetically). So we all believe in good moral behaviour for all of us. This gives us the best chance to jump the queue.

Unfortunately, this belief makes us vulnerable to really plausible rogues, fanatics, impenetrable con men and yes, just the kind of person who would take a small boy on a charity walk through deep snow on a stormy night.

And if you think this is going too far, reflect that the real Wenceslas killed many of his neighbours in the conquest of other tribes. He was made a Christian saint after his murder in 928, but many whom he converted to the God of love had been made widows by his sword.

"The Role and Limits of Government" (Temple Smith, 1983)

"The Selfish Gene" (Oxford, 1976)

"The Red Queen" (Penguin, 1994 £7.99)

"PsychoDarwinism" (Harper Collins, 1994, £16.99)

Letter from Lagos

A little something for the weekend

In Nigeria, the police use roadblocks to ensure motorists pay their Christmas bonus, writes Paul Adams

How's the weekend? said the policeman as I wound down the window of my car in a dark clip road lit only by the waving torches of the officers flagging me down.

It was not the weekend, it was a Tuesday, and the policeman was not interested in how I spent my spare time, he was asking for money.

In the month before Christmas in Nigeria this question comes any day of the week from people who stop your car, ranging from a gude man at a carpark to a soldier on patrol with a Kalashnikov rifle.

In many parts of the world, you can see from the tinsel in shop windows that there are fewer than 30 shopping days to Christmas; in Nigeria you can tell from the number of roadblocks.

Officially, the roadblocks are to stop crime. In practice, the roadblocks are also a prime source of income for security forces whose basic salaries are below subsistence level, that is if they have been paid at all. Surprisingly for a military regime, even the armed forces get no pay for two or three months at a stretch.

If confronted by armed police or soldiers, it is risky not to stop. If it is late at night, it can be risky if you do stop: a friend was recently attacked by a drunken policeman at a roadblock. In the daytime the police are on the look-out for traffic offences and will jump into the car and seize the keys or insist on being driven to "the station" which usually means a quiet corner where he can negotiate the "fine".

At most roadblocks a joke and a few words in pidgin English or a local language, even from a foreigner, can often do the trick. Demanding your rights gets you nowhere at all.

The seasonal message sometimes comes with as much humour as menace. "It's December, time for Christmas bonus," a jovial policeman told us at a roadblock between Lagos and Benin recently. "We

haven't had our salaries and we have to eat," said another.

They searched a Jerry can in the car, thinking that we were illegally carrying petrol, but found it contained water, then demanded to see the car documents. "No. They are all in order," said the driver. They gave up and we drove off. "They are rogues, thieves," said the driver. "They do not stop criminals. They take money from them as well and let them go."

Not only professional drivers are hardened against the police. Many Nigerians regard the state of roadblocks with contempt. But the police do not always get their way. Last week a friend came to see me unusually late, even by African time. "I'm sorry," she said. "I had to go to my home with the police. They wanted the originals of my car documents. They know that no

one here carries originals, just the copies, in case of armed robbery.

"It would have been easier to give them money, but they were so rude and arrogant I decided not to give them anything. I told them the

'It would have been easier to give them money - but they were so rude'

originals were at my house. They got into my car, we went home and I showed them the papers. Then they said they had no transport to get back to work and I told them

that was their own fault. I gave them nothing," she said.

In Nigeria, cheques and credit cards are often useless: people need to carry cash, sometimes large sums of hard currency since foreign exchange controls were imposed this year.

A businessman taking a taxi to the airport to go on holiday was recently stopped by the police in a dark street. "They ordered me out of the cab and frisked me," he said. "In my top pocket I had \$2,000 in cash. I refused to open the pocket so they said we would have to go to the police station. They knew that if they delayed me long enough I would miss my flight."

"The taxi driver and I got back in the car and as the policeman walked around to the other side to get in, the driver put his foot down and left him standing. I ducked my

head just in case but they did not shoot at us," he said with a grin.

Officially, the roadblocks are increased to deal with the higher rate of crime which is part of the run-up to Christmas. "Our people are working overtime and we have put administrative staff out on patrol to curb crime and we have been successful - the crime rate is much lower than this time last year," said a spokesman for Lagos state police.

They are fighting an uphill battle. Last week, the spare wheel was pressed off the underside of my car in full view of six security guards outside a "secure" block of flats. Recently, the chief of security at the British High Commission had his car hijacked by three armed robbers.

The police are powerless to deal with these gangs, who roam Lagos

at night and attack private homes and cars, often with military precision and automatic weapons. Sometimes the military are the source of the weapons, particularly disgruntled soldiers returning from the war in Liberia.

In some cases, the robbers are soldiers. A senior Lagos police officer recently told a local magazine that he had appealed to the state governor to curb crime among the army. A sergeant earns N800 a month (worth \$26 at the official exchange rate, but much less in real terms). This is less than half the pay of many domestic servants. Yet the police can see military personnel driving new cars that it would take more than a lifetime's salary to buy.

The police say that they do not tolerate extortion and bribery. "If a policeman demands money, you should report it to us. Members of the public are our mirror," says a police spokesman. But the public know that the victim of a crime can find himself arrested when reporting it if the criminal has squared the police. Corruption in the security forces, as in most services and professions in Nigeria, has become a way of life.

BOOKS



An illustration of the social, economic and emotional conditions of middle-class Victorian England: the Rossetti family - Dante Gabriel, Christina, Frances and William, photographed by Lewis Carroll

A suitable case for treatment?

Jackie Wullschlager on a skewed interpretation of the life of the youngest, saddest Rossetti sibling

Once upon a time there were four beautiful gifted Anglo-Italian children who lived in a happy family in London. They grew up in great harmony, drawing and writing precocious poems, but then suddenly they were adults and their fates diverged.

The two boys had bright careers as a civil servant and an artist. They were agnostic and open minded and socially popular; they had romantic entanglements and both eventually married for love. In their forties they earned between £200 and £2,000 a year. But the two girls stayed at home and turned away suitors in favour of a blinding religious fervour. One became a nun, the other looked after Mama, wrote devotional verses, and suffered a series of nervous breakdowns and illnesses. Their annual income rarely rose above £50.

The story of the Rossettis is a dazzling illustration of the social, economic and emotional conditions of middle-class Victorian England, and as fascinating a tale of family dynamics as any novel. It threads in and out of this biography of the youngest and saddest sibling, Christina, like gold braid, illuminating her loneliness with the lively colour of her brothers, Dante Gabriel and William; bringing warmth into her often arid and bigoted life.

Virginia Woolf once said that if she were bringing a case against God, Christina Rossetti would be her first witness. Christina's pious rhapsodic verses - the Christmas carol "In The Bleak Midwinter" and the self-denying funeral poem "Remember Me" are now best known - were so popular among the Victorians that she was a strong contender to be Poet Laureate when

CHRISTINA ROSSETTI
by Jan Marsh
Cape £25, 334 pages

Tennyson died. But her religion brought her little comfort. As Dante Gabriel's famous portrait of her in "Ecce Ancilla Domini" and "The Girlhood of Mary Virgin" suggest, she was awkward, over-serious and tormented. She slashed her arms in frenzies of self-disgust, and she was so fanatically guilty that she would not tread on a piece of paper in case the word God were written on it. In a conversation about economics, she believed it blasphemous to refer to the "almighty dollar".

She is not an easy focus for a biographer, and Jan Marsh has fallen into the fatal trap of using wild speculation to make her subject seem more appealingly contem-

porary. Why was Christina depressive and earnest and secretive? she asks. Compare her with the other great Victorian writers whose creativity came out of frustration and spiritual agony - Hopkins and the late black sonnets, Charlotte Brontë and *Villette* - and the answers seem clear: lack of opportunity, emotional and social repression, the strangleholds of narrow moralism.

They are not enough for Marsh, however, who locates the heart of Christina's life and work in the trendy theory of child abuse. The evidence? Afternoons spent alone with Papa when he had lost his job and Mama went out to teach. The result? The oppressive sexual imagery of characters like the voracious Mouth Boy and the boys and girls studied with quills and slime in Christina's children story *Speaking Likenesses* and her fairy poem "Goblin Market".

If every work of literature which employed this sort of imagery were rooted in sexual trauma, the history of literary biography would be the history of child abuse. Both unhappy (e.g. Dickens) and happy (e.g. Nabokov) childhoods are the vital inspiration for some of our most haunting literature. But it shows grave critical misjudgment to interpret images and symbols as revealing of childhood experiences in the literary way Marsh does here.

Fleshed out with quotations from contemporary abuse victims to substantiate the unprovable, and written in thudding prose, this is a skewed biography. Christina Rossetti died 100 years ago this month, and her story is still of historical interest; this book, with its emphasis on an obsession from 1980s psychoanalysis, makes nonsense of the art of historical reconstruction on which biography depends.

Monstrous metaphors

Chloe Chard on the Frankenstein myth

Readers who have seen the Kenneth Branagh film will feel surprised and relieved, in embarking on *Frankenstein, Creation and Monstrosity*, to discover that Mary Shelley's novel and the myth that it founded can still generate reflective, happily exploratory forms of commentary. All the contributors, in other words, seek out complexities and eschew easy generalisations.

Ludmilla Jordanova, for example, emphasises that *Frankenstein*, "far from being a simple, moralistic tale of masculinist, scientific overreaching", is "a remarkably precise exploration of the internal conflicts felt by practitioners in a variety of fields". In locating an abnormal intensity in Frankenstein's thirst for knowledge and devotion to secluded study, Mary Shelley "pointed out the importance of balancing acts, not the unproblematically 'bad' qualities of scientists in general or of Frankenstein in particular". Jordanova sees Shelley's novel as participating in a more general ambivalence surrounding a thirst for natural knowledge in early 19th century Britain: at the same time, she presents the novelist as grasping perfectly "the fantasies of (at least some) medical practitioners of the time", fantasies that prompted doctors and scientists to express themselves in the heightened language of "sudden light", sublime visions, and an erotised unveiling of nature.

Many of the essays concentrate less on the creator than on the monster and on monstrosity in general. Louis James's essay includes an entertaining account of monsters on stage: Mary Shelley's novel was first performed as a play in 1822, five years after its publication. James places the moment when Frankenstein brings the monster into being in the tradition of "the moving statue" sculptures that came to life, as the statue of Herminia does at the end of *The Winter's Tale*. Moving statues, he suggests, provide metaphors for the power of theatre itself to combine "intense subjective experience" with "objective, highly stylised forms of appearance, speech and situation".

Stephen Bann, in his introduction, firmly steers the book away from the usual preoccupations of literary critics - Mary Shelley's troubled life, the struggle between sublime aspiration and contented domesticity - by touching on some quite different early 19th century monsters: the composite creatures that the Roman Catholic country squire and impressionist taxidermist Charles Waterton put together out of diverse stuffed animals, adapted in some instances to acquire human faces. Waterton provides, amusingly, a fortuitous point of contact between the Frankenstein myth and the Dracula tradition: during his

travels in South America, he not only collected specimens as both the raw material for monsters and for seats of taxidermy in which he sought to shock his audience into the impression of a live animal, but displayed a parallel fascination with vampires by habitually sticking his foot out of his hammock in the hope that a vampire bat might bite it.

Jean Louis Schaffer, in the concluding essay, establishes a more general thematic connection between "the two great fantastic novels": "If the frenzy of the test tube monster suggests that feelings have been pumped into a creature that is not ready for them then it is also true to say that Dracula marks the return, in a different guise, of this shattered, or unfulfilled, state of equilibrium." He moves on to trace links between vampire legends and the Christian doctrine of the Eucharist: "The resurrection of the deceased, his presence which remains real in defiance of time, the blood of sacrifice as a means of regeneration, the consecrated bread: all of these themes in Bram

FRANKENSTEIN,
CREATION AND
MONSTROSITY
ed. by Stephen Bann
 Reaktion Books £25 (£10.50 pbk),
215 pages

Stoker's *Dracula* are present in two different ways: they are available for sacred purposes, but also for evil ones, in a devilish form of parody that follows the same ritual.

Michael Fried introduces monsters of a less familiar kind: the array of half-humanised animals, gradually reverting to their bestial nature, produced by the eponymous doctor in H.G. Wells's *Island of Dr. Moreau*. He traces within this "scientific romance" an obsession with monstrous faces, which he sees as characteristic of a more general recurrence of the disfigured, usually upward turned face with staring but unseeing eyes in writings that he terms impressionist ("the practice of ten or so authors - Conrad and Kipling, for example - working in the English language chiefly between 1880 and World War I").

Fried pursues the role of upturned, monstrous faces as metaphors for "those things that, before all, actually lay before the writer's eyes: the upward facing sheet of paper itself in the first place blank but soon covered with script".

It should be clear by now that this book goes off at many tangents, energetically taking up the themes of creation and monstrosity as a source of productive starting points. To adopt a cinematic parallel: reading it is more like admiring the bolt through Boris Karloff's neck than averting the gaze from Robert de Niro's pockmarked scars.

A lust for possession

Christian Tyler falls for Gibbon

It was V.S. Naipaul's *Mystic Masseur*, I think, who bought books by the yard to impress his visitors and - more important - to flatter himself.

You will know the feeling. It overcame me, this unworthy, glibly desired, couple of weeks ago when I found myself gazing at a boxed set as big as a breeze-block in the window of Thornton's bookshop in Oxford. It was Edward Gibbon's *Decline and Fall of the Roman Empire*, the complete work in three volumes, seductively dressed in black and white designer jackets with chipped inscriptions and broken columns printed on the cover.

"It was at Rome on the 16th of October 1764," wrote Gibbon, "as I sat musing amidst the ruins of the Capitol, while the barefooted fryars were singing Vespers in the temple of Jupiter, that the idea of writing the decline and fall of the City first started to my mind."

Did I want to read Gibbon? I don't know. Like everyone else who has never done so, I had been taught to think of him as the father of modern history and the finest prose writer of his age. Occasionally, people would nominate the *Decline and Fall* as the book to take to the desert island.

Fear of the question "Have you read Gibbon?" has never kept me from mixing in polite society. After all, how many people could honestly answer "Yes"? Did I, then, want to fill a gaping knowledge gap? Perhaps. At school we followed the Romans up to the time of Trajan and Hadrian. The Dark Ages remained dark and Byzantium was a brilliant blank. Nothing was allowed to happen until the Italian Renaissance.

Also, I was conscious, standing outside that bookshop, of the youthful pretension which in the 1970s made me collect all 11 volumes of the definitive modern edition of Samuel Pepys's diary. They have stood, accusingly, on the top shelf ever since.

There were many number of excuses for buying Gibbon's great tome, but no convincing reason. It was like buying a pair of shoes without trying them on, or an expensive wine just for the look of the label. The fact is, at that moment, I just had to have it.

When I got the box home, I unwrapped it carefully and carried it like a baby to the bathroom scales, proudly watching as the arrow swung over nine. I took out the three volumes, sized them up, smelt the chemical whiff of the pages and took off the jackets to inspect the chubby black bodies beneath.

I even sampled some paragraphs, picked at random. The connoisseurs are right. Even read silently Gibbon's sentences have a majestic rhythm, like the gentle pounding of heavy machinery, which propels his meaning effortlessly off the page. It is not the familiar iambic rhythm of a Shakespeare, more the triple-time beat of Latin verse hexameters. If prose was music, Gibbon would be a Haydn or Mozart, showing off his wit and invention within the familiar limits of classical style.

There are two modern editions of the complete *Decline and Fall* on the market now. The three-volume version is published by Allen Lane at £75, and is edited and introduced by David Womersley. For £50 Everyman is offering a six-volume, two-box set, a revision of its 1910 edition with an intro-



John Updike

duction by Hugh Trevor-Roper. The Everyman version is attractive, a bargain at the price, and a good deal more portable than the other. But Womersley's imposing edition has the advantage of a somewhat larger typeface, is stuffed with notes and appendices, and includes Gibbon's own *Vindication*.

tion, the reply the historian made to critics outraged by his secular account in chapters 15 and 16 of the growth of Christianity. Womersley's 100-page introduction, an essay on Gibbon's "philosophic historiography" is hard going for the inexpert and had me running for the dictionary more than once. (Try "stochastic" for size.) Not surprisingly, his own writing appears to have been infected by the Gibbonian heat - not always to good effect. But I liked his comment on Gibbon's way of life: "Because of an amiable tendency to regard luxuries as necessities, his

expenditure comfortably exceeded his income." So it is the lust of possession, which has brought me at last to the foot of the Gibbonian mountain. All that remains is to climb it. I hope the view is as wonderful as they say.

He finishes, as all disciples must, at *Valley of the Grand* (complete with a seldom-used Scottish fireplace) where RLS spent his final three-and-a-half years. It was derelict, forlorn, unmagical, and about to

In the steps of Stevenson

Robert Louis Stevenson

Robert Louis Stevenson died 100 years ago this month, so it is no surprise that this year has brought a batch of books by and for fans of the great man. Two of the latest are first-person travel books "in the steps of" Louis, as he was called; this is certainly not a new genre, but one of the pair - Gavin Bell's *In Search of Tuziuta* - is almost entirely successful in a modest, unpretentious way.

Bell is a *Times* foreign correspondent who took a hand-shake from Murdoch and went off to the Oceania for eight months to track down the last years of his fellow Scot. He simply tells the story of what happened to him as he zigzagged around the Pacific, following as precisely as possible the route of the two South Seas voyages of RLS, his wife Fanny, his stepson and his mother from San Francisco to the Marquesas, the Tuamotus, Tahiti, Hawaii, the Republic of Kiribati (which used to be called the Gilbert Islands) and, in the end, Samoa.

"The 20th century, by and large, has not been kind to Oceania," writes Bell - he had been there before and was not expecting a tropical paradise - but he seems to have had a happy and occasionally dramatic time, which included an erupting volcano, a visit to Father Damien's leper settlement, and a terrifying underwater encounter with a 13-foot silver-tip shark. He recalls, and agrees with, Stevenson's comment that among these islands he had drunk "that warm light over the days of human affection".

He finishes, as all disciples must, at *Valley of the Grand* (complete with a seldom-used Scottish fireplace) where RLS spent his final three-and-a-half years. It was derelict, forlorn, unmagical, and about to

be restored by three Mormons. Hunter Davies gives a fully, slightly more recent picture of *Valley*, but in other respects *The Teller of Tales* is a less satisfying book. He follows Stevenson not just in the South Seas but round the world and makes a stab at a distinctly chatty biography, while not claiming to have any particular revelations. This style encourages him to embark on speculation, often of a sexual bent, which rarely seems helpful: what were the marital relations of Mr and Mrs Stevenson senior? Did "intimacy" occur between the

IN SEARCH OF
TUZUITA
by Gavin Bell
Penguin £15.99, 333 pages

THE TELLER OF TALES
by Hunter Davies
Starcher-Stevenson £17.99,
290 pages

young boy and his beloved nanny, Cummy (what an outrageous notion)? Did he sleep with Fanny Sitwell? Was the second Fanny - his American wife - mad or just menopausal (or both, or neither)? But the root mistake is to interleave the biographical chapters with Davies's own "Letters to Louis" - "I'm writing these present-day letters because I thought it might amuse you to hear what's been happening to some of the places you once knew so well..." It is a device no doubt intended to allow Davies to write about his own travels, but the time is so mazy, in contrast with the sparkling brilliance of Stevenson's own letters, that it is surely a ghimick from which his publisher might have deterred him.

J.D.F. Jones

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Monstrous metaphors

In the story of Stevens

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For Russians, to mention one of the years 1937, 1938, 1939 is to evoke images of arrests, torture, pictures of Anna Larina's memoirs and Lydia Chukovskaya's journals are accounts of two who survived. At the centre of Anna Larina's memoirs is the politician Nikolai Bukharin, a leader of the Bolshevik party. The focus of Chukovskaya's journals is one of the most brilliant Russian poets of the 20th century - Anna Akhmatova. But these books are also the sagas of two women, Anna Larina and Lydia Chukovskaya, who lived in the presence of great people and who devoted their lives to them. Born in 1914 and adopted by Yuri Larin, an old Bolshevik and Lenin's close ally, Anna Larina grew up in the luxurious rooms of the Metropol Hotel, the residence of the party elite. It was here that, at

The struggle for autonomy

Chinese brutality has given Tibet a greater sense of unity, argues Colina MacDougall

China's stranglehold on Tibet, the restless Himalayan region which it occupied in the 1950s, has tightened these last few weeks. Fierce propaganda campaigns against the Dalai Lama took off in Lhasa last month and fresh Chinese investment began to pour in. This is all part of China's classic strategy of pacifying sensitive border areas with herds of Chinese immigrants. Beijing has updated it by adding money in the hope of swamping disaffection with greater prosperity. This had news for Tibetans makes the appearance of these two excellent books doubly welcome. Both deal with modern Tibet - modern in this context meaning after 1970, the initial year of China's post-Cultural Revolution reform. Both seek to explain the 1990s political protests against China by analysing Tibetan religion and society. Until the Chinese occupation, Tibet had been isolated and remote, ruled by the Dalai Lama and with a unique and ancient Buddhist culture. While not rich in the modern sense, it was easily self-sufficient, in preceding centuries it shifted in and out of Chinese influence, never

(contrary to Chinese claims) moving fully under Beijing rule. After the fall of the Qing empire in 1911 it gained total independence. The 1950s occupation set off a series of desperate revolts. In 1959 the Dalai Lama fled to India, and Tibet then endured almost 20 years of oppression and hunger. In the Cultural Revolution nearly all its 13,000-plus monasteries were destroyed and its traditional agriculture ruined. With the reform in the late 1970s came a yearning to practice Buddhism without constraints and a new generation of young Tibetans to protest at Chinese rule. Both books are indirectly the upshot of the demonstrations in Lhasa in September-October 1987 in which the police killed and beat up a number of participants. Schwartz, a Tibetan-speaking Canadian sociologist, arrived in Lhasa as a tourist

on October 12 that year. He found a group of foreign travellers already collecting information to pass on to journalists and human rights workers who were barred from Tibet. Barnett is the director of the London-based Tibet Information Network which sprang from the same group and now publishes documents on contemporary events in Tibet. There are few modern book-length studies on the area and, as Tsering Shakya points out in his introduction to *Resistance and Reform in Tibet*, this absence of scholarly interest has allowed the field to be dominated by polemics from Beijing and the exiled government. The vacuum generated a conference at London's School of Oriental and African Studies in 1992 (the revised papers form the backbone of the Barnett book) and these two

CIRCLE OF PROTEST: POLITICAL RITUAL IN THE TIBETAN UPRISING
by Ronald D. Schwartz
Hurst & Co £12.95, 263 pages

RESISTANCE AND REFORM IN TIBET
ed. by Robert Barnett & Shrin Akimer
Hurst & Co £12.95, 314 pages

volumes between them go a long way towards remedying the deficiency. Schwartz's account is an analytical narrative of events since the 1987 protests, fleshed out with his considerable knowledge of Tibet. These protests culminated in three days of riots in March 1989, after which martial law was imposed on

Lhasa for 13 months. Arrests and prison brutality followed, many monks and nuns were expelled from their religious houses and troops posted in the monasteries. Since then Lhasa has been ringed with troops and the plain-clothes police presence on the streets has become overwhelming. The Barnett book deals in aspects of Tibet rather than narrative. History, ethnicity, nationalism, religion, all figure as part of the bigger picture it provides of Tibet's struggle for its own identity. Perhaps uniquely for a western book on Tibet, it contains contributions from Chinese scholars. One is Wang Xiaochang, an economist, who though he clearly respects aspects of this Himalayan culture (unusual for a Chinese since most despise Tibetans as savages), simply cannot understand why Tibetans do not want riches, prefer-

ring to spend their money on renovating temples. His comment encapsulates the yawning gulf between Chinese and Tibetan culture. Both books reveal how facets of modern Tibet, especially the importance of Buddhism. While urban Tibetans sometimes succumb to the blandishments of a consumer society, in the countryside villagers rebuild monasteries with their own funds and staff them with their sons and daughters. These young recruits to the religious life (and not the "Dalai clique", as the Chinese unreservedly allege) have been the mainstay of the chiefly non-violent protest movement. Interesting and previously unpublished details of political intrigue in Tibet are hinted at in these pages. These are not just a matter of Tibetan versus Chinese, or even of who's who in the Chinese hierarchy appointed by Beijing which is how

China scholars traditionally approach Tibet. There are key rivalries among the local Chinese military from different armies and between Tibetans from different backgrounds. These can significantly affect how policy is implemented. Though still deeply Buddhist, Tibet is no longer isolated in a medieval mindset. *Voice of America* now has a Tibetan language broadcast and important news like the Dalai Lama's 1989 Nobel Peace Prize travels fast. For all its harshness, the Chinese occupation has updated attitudes. In fact its very brutality has given Tibetans a greater sense of unity and nationalism. Both books refrain from predicting the future. China's hard line makes it difficult to be upbeat about autonomy for Tibet, let alone independence. The Buddhist ethic counsels against violence and Tibet's moral weapons mean little to Beijing. While foreign tourists - mainly young backpackers - have immeasurably strengthened the pro-Tibet lobby back home, there is no sign that China plans to respond to pressure either internal or external for greater freedoms.

The myth behind those merrie men

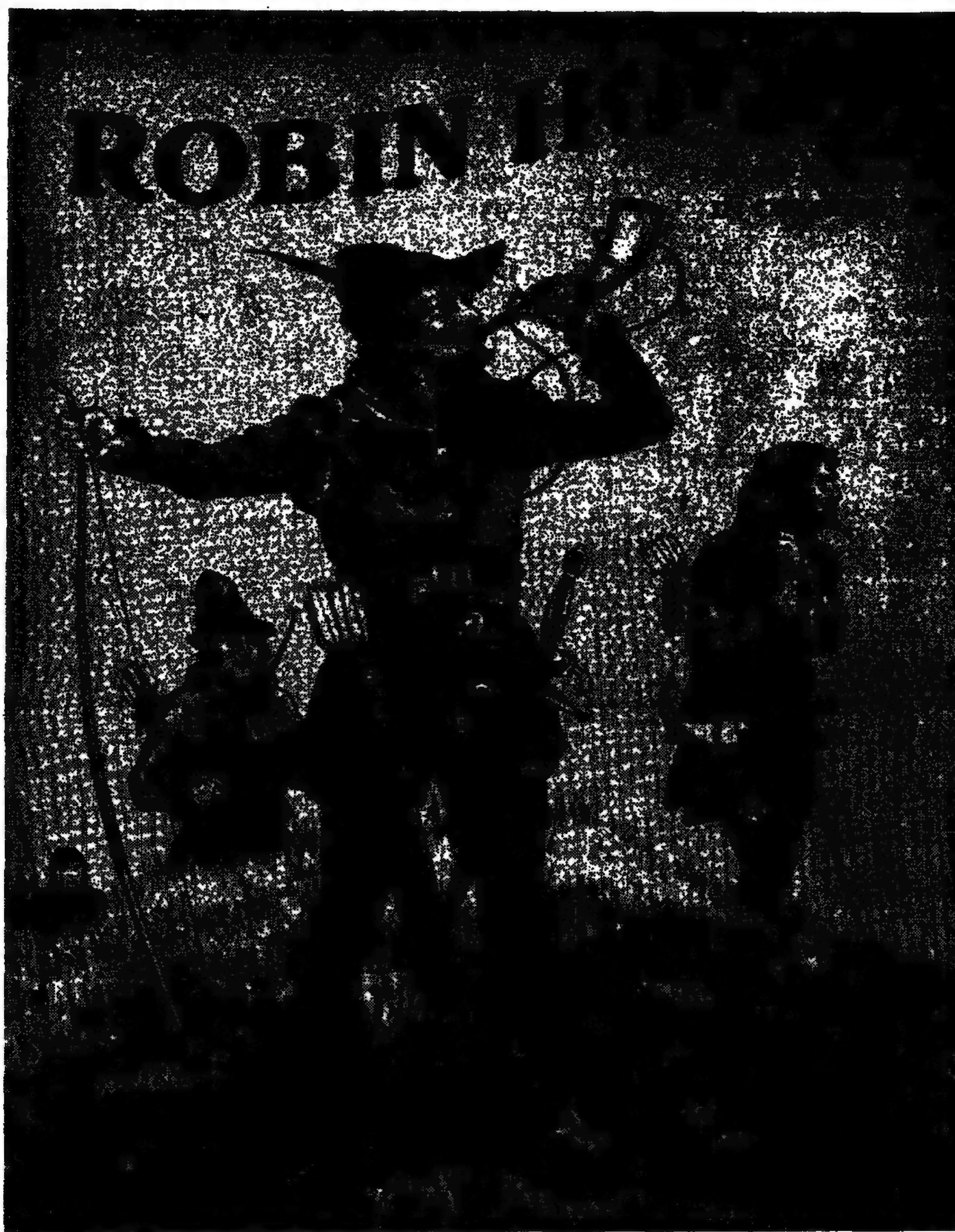
A.C. Grayling on the legend of the quintessential outlaw, Robin Hood

Robin Hood is a fixture in the consciousness of the English-speaking world. By a kind of Pavlovian reflex the name prompts images of Errol Flynn or - a good deal less convincingly, because he always looked uncomfortable and fairly surprised in his tight-fitting Richard Greene. Just how long, and in how many ways, this bow-wielding nobleman of the greenwood has been haunting our collective imaginations is astonishing. The whole story, myth and fact alike, is thoroughly explored by Stephen Knight in this new study.

ROBIN HOOD
by Stephen Knight
Blackwell £45, 308 pages

One of the great questions about Robin Hood is: was there actually such a man? According to the "empiricists" there was, and according to the "mythicists" there was not. In the marvellously absorbing way of these things - historical detective work beats the fictional variety by a million miles - the answer turns out to be that there were many Robin Hoods, most of whom were named so after the really real Robin Hood - viz. the mythical one - to mark their outlaw status. Or so Stephen Knight suggests, for, after a judicious examination of the arguments, he comes down on the side of the "mythicists". Robin Hood is an emblem of liberty, anti-authoritarianism, and natural justice. He robs the rich to pay the poor; he outwits the sheriff and his men; and lives the rural idyll with his happy band of companions (and, later, Maid Marion). In earlier sources - chronicles, ballads and the "performances" which were

the forerunners of theatre - Robin is an outlaw, sometimes even a "cut-throat". But by the 17th century he had been gentrified: he had become the Earl of Huntington, dispossessed of his property by a usurping king, and in revolt not against genuine authority in the form of the absent Good King Richard, but against the treacherous tyrant King John. Thus was his outlawry made legitimate, and the outlaw himself transformed into a suitably aristocratic hero. It is this good outlaw of noble birth who, along with his secretions of Little John, Friar Tuck and Maid Marion, gives us the romantic and Hollywood Robin we all know. Robin Hood is now associated with Sherwood Forest or with Barnsdale (Knight shows that this must be the Rutland, not the Yorkshire, Barnsdale), but in the 14th century, when the legend was beginning to flourish - it reached its apogee in the 16th century - any number of localities from the West Country to Scotland laid claim to him. There are assorted Robin Hood Fields, Robin Hood Crosses and Robin Hood Caves, and the ballad and chronicle sources have him popping up in all sorts of localities. This multiplicity of places is echoed in the multiple nature of the legend in its sources; which is why Knight concludes that the Robin Hood story is mythic. Perhaps it became popular because it struck a chord among people who for three centuries had been living under foreign lords - the Normans - and were only just beginning to regain an identity. In the year 1213 or sometime soon after, one Robin Hood, servant to the Abbot of Cirencester, slew a man called Ralph. Fifteen years later a



Emblem of liberty, anti-authoritarianism and natural justice, inspiration for films, pantomimes and comics: Robin of Sherwood - or was it Rutland?

fugitive called Robert Hood was being sought in Yorkshire. In 1282 another fugitive called William Hobehod is recorded. At the beginning of the 14th century the surname "Robyn-hod" appears in Sussex. In 1354 a man called Robin Hood was held for trial in a prison in Rockingham Forest. And so on: intriguing intimations - the "empiricists" say, glimpses - of something at the root of legend. Knight provides a chronology of references to Robin

Hood between the 13th and 17th centuries, and they show how the legend grew, suggesting that the name Robin Hood came to stand as a pseudonym for any outlaw, whether his real name was known or not. In some of the earliest chronicles reference is made to the popularity of Robin Hood among ordinary people. He became a favourite figure in performances at fairs and festivals, often associated with Whitsun. The gentrification of

Robin from the 17th century onwards can be seen as a characteristic English response to anything potentially threatening, as a symbol of resistance to authority must always be: it neutralises him by domesticating him, transforming him into a safe figure who is not against the establishment, but a true defender of it: and thus a worthy hero after all. Knight is as fascinating on recent Robin as he is on medieval Robin. Films, cartoons, musicals and books have kept the outlaw firmly in popular consciousness - as witness the fact that five Robin Hood films were made before 1914. All these representations, Knight shows, were re-inventions; yet at the same time the majority of them preserved the kernel of the myth as it had settled after 1600 - the gentrified Robin, the Robin of merrie men and true justice. Perhaps, in an otherwise unbelieving age, such myths have their place.

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Political grief and poetic fire

Arkady Ostrovsky on two women whose memories survived the Gulag

For Russians, to mention one of the years 1937, 1938, 1939 is to evoke images of arrests, torture, pictures of Anna Larina's memoirs and Lydia Chukovskaya's journals are accounts of two who survived. At the centre of Anna Larina's memoirs is the politician Nikolai Bukharin, a leader of the Bolshevik party. The focus of Chukovskaya's journals is one of the most brilliant Russian poets of the 20th century - Anna Akhmatova. But these books are also the sagas of two women, Anna Larina and Lydia Chukovskaya, who lived in the presence of great people and who devoted their lives to them. Born in 1914 and adopted by Yuri Larin, an old Bolshevik and Lenin's close ally, Anna Larina grew up in the luxurious rooms of the Metropol Hotel, the residence of the party elite. It was here that, at

THIS I CANNOT FORGET
by Anna Larina
Hutchinson £25, 384 pages

THE AKHMATOVA JOURNALS 1938-1941
ed. by Lydia Chukovskaya
Collins £20, 320 pages

The most powerful part of Larina's book describes the last months of Bukharin's life in the Kremlin before his arrest. The slow and sadistic demolition of the human will, the detailed description of the "theatricality" of Stalin's methods of moral destruction, are more disturbing than any of the Gulag scenes. The book reads as though Larina is still defending Bukharin in the interrogator's office. The western reader may

"regret Larina's loyalty to the Bolshevik Revolution of her childhood", writes Stephen Cohen in his introduction. Yet the book is strikingly honest; it was written by one of the generation of devoted idealists, and it takes us into the very depths of a revolutionist's mentality. In 1936 Bukharin was rehabilitated and Anna Larina was able to deliver his letter, "To a Future Generation of Party Leaders". Yet his vindication did not last long. As one of the initiators of the New Economic Policy in the 1930s, Bukharin is now blamed as a communist and one of the discredited founders of the Socialist system in Russia. While the court drama unfolded in the corridors of the Kremlin, in a small flat in Leningrad Akhmatova was composing some of her most powerful poems. Akhmatova and Lydia Chukovskaya, daughter

of a famous Russian children's poet, were brought together by the arrests of the poet's son and Chukovskaya's husband. Since she was aware that her diary could be confiscated at any time, most of the entries are concerned with conversations on literary matters and the arrests are not mentioned. Russians of this generation had to have good memories because everything that it was unwise to write down had to be mentally recorded. Anna Larina had memorised Bukharin's last political testament. Chukovskaya, who had a photographic memory, recorded by heart many of Akhmatova's poems. Akhmatova would write parts of her *Requiem* down on scraps of paper, and give them to Chukovskaya to memorise. Afterwards they would be burnt. Many of these poems are printed at the end of the book. Akhmatova had been edu-

cated in the same prestigious lyceum as Pushkin, had married a man who was both an officer of the White army and a brilliant poet, and was a member of the most elite literary circles in Russia. Then, during the 1930s, she was locked into a small room in a communal flat in Leningrad, and denied all opportunities to write and publish. "Her face is grey, drawn, her feet are swollen. She does not leave the house" recorded Chukovskaya in 1939; a sorry comparison with the portrait painted of Akhmatova by Modigliani in Paris in 1910. Chukovskaya's accounts do not contain horror stories about camps and prisons, but record the doomed, paranoid atmosphere of Akhmatova's life in Leningrad. Perhaps the poet's real name, "Gorenko", contained a prophesy about her tragic life: in Russian, the name contains the roots of two words - fire and grief.

Precocious intelligence

Somerse de Chair, the son of Admiral Dudley de Chair, was born in 1911. At 17 he interviewed Mussolini, at 18 published a book on the future of Europe, *The Impending Storm*. England has no need to worry for its future so long as it can produce such a prodigy as Somerse de Chair" wrote a Hungarian newspaper.

At 21 he married Thelma Arbuthnot (the first of his four wives), who resembled the film star Norma Shearer: they visited Hungary, where they were treated like royalty; at 23 he was adopted as Conservative candidate for south-west Norfolk, and was elected the following year. On the outbreak of war he joined the Household Cavalry, was quartered in Palestine, and was the intelligence officer of the force that took Baghdad and, later, Palmyra, in 1941. During the latter campaign he took a bullet from a French fighter plane through the ankle, and *Morning Glory* ends with him convalescing in a hospital in Jerusalem. This is not a new book: it was first published privately in 1938, and the second half, describing the campaigns in the Middle East, is a reprint of two earlier books, *The Golden Carpet* and *The Silver Crescent*. On their appearance in 1943 these were hailed as equal to *Seven Pillars of Wisdom*. Though de Chair shares some of Lawrence's characteristics - Sir Ronald Storrs described the books as "a pleasurable agnostic narrative of events" - this is an overstatement: they are, however, full of youthful vitality and effective descriptions. Though not a regular soldier, de Chair was a resourceful and unorthodox intelligence officer, and took iconoclastic pleasure in the illogicalities of military life. He was particularly amused by the fact that the RAF had mis-

takenly designated the municipal brothel in Palmyra as a munitions store: "the vicious attempts of our pilots to bomb it were attributed by the French to jealousy or puritanical instincts." By contrast, the first half of *Morning Glory* written much later, reads at times like an odd blend of Dornford Yates and Frank Harris. The overblown lyricism of the descriptions of the countryside or of the author's houses is Yatesian; Harrisian, on the other hand, is the author's egregious self-satisfaction, his praise of

MORNING GLORY: MEMOIRS FROM THE EDGE OF HISTORY
Somerse de Chair
Cassell £20, 397 pages

his own writings, and his frank account of his sexual progress. He lost his virginity at 18, not to the New York hooker he had engaged for the purpose, but the following day, to a middle-aged Norwegian hotel maid. As an undergraduate he would drive up to London two or three times a week in his 1921 Rolls-Royce Silver Ghost (bought for £50), to hunt for tarts. Thelma took a dim view of this, as she did of his affair with Vivienne Woolley-Hart (who gave a party featuring a live pink elephant), consummated on the floor of her flat in Prince's Gate, he dressed as Lord Nelson, she in a leopard skin. Carmen, the second wife, was more accommodating, giving him a tart for a birthday present in Paris. But he gave tarts up after they vanished from the streets, remarking "I think that the decline of the British Empire coincided with the removal of these healthy distractions from the heart of London's West End."

T.J. Binyon

Murder and more

Anthony Curtis concludes a two-part look at anthologies

Bernard Shaw, you will recall, divided his dramas into plays pleasant and plays unpleasant. The same division applies nowadays to anthologies. The unpleasant kind was put firmly on the map with *The Oxford Book of Death*. Now we have *The Faber Book of Murder* edited by Simon Rae (£17.50, 576 pages). It proceeds alphabetically: Aze (Lizette Borden), Cement (Dorothy's Billy Bathgate), Dismemberment (Jan McEwan's *The Innocent*), Double (R.L. Stevenson's *Jekyll and Hyde*), Garotte (Patricia Highsmith's *Rhysley's Game*), Hanging (Kipling's *Danny Deever*), Quilt (Shakespeare's *Titus Andronicus*) and Zaratustra (Nietzsche). And there are many more just as ugly. "Whether we like it or not" says Rae, "murder is a regrettable scarlet thread running through the human tapestry". He decided early on to spare us "all contemporary murders of a private nature" but this does not exclude mass murder and genocide. The book is belatedly with an extract from Freud's *Totem and Taboo* and from the deliberations of De Quincey and other thinkers who have pontificated about murder. It is, I must admit, a compilation of undeniable fascination. Stephen Brook has made an equally thorough trawl through the literature of personal betrayal, sometimes in extreme cases leading to murder, in *The Penguin Book of Infidelities* (Viking £17.00, 376 pages). A painful topic makes for some entertaining reading.

On the pleasant side of the scales, *The Faber Book of The Theatre* edited by Ronald Harwood has now appeared in paperback (£8.99, 267 pages). The well-known playwright, formerly an actor and a stage-manager, includes some amusing extracts under the headings of Before the First Performance, Performance and Players, After the Performance. Meanwhile the ever-industrious Sheridan Morley has compiled *The Methuen Book of Movie Stories* (£15.99, 270 pages) which contains fictional accounts of film-making in Hollywood and elsewhere. Anthologies are not merely aimed at the Christmas market. They burrow all the year round. One about to appear in the spring likely to appeal to FT readers is *The Oxford Book of Money* edited by Kevin Jackson. Naturally he quotes Oscar Wilde in the person of Lord Darlington defining a cynic as "A man who knows the price of everything and the value of nothing". But he also includes the often-forgotten pay-off: "And a sentimentalist, my dear Darlington, is a man who sees an absurd value in everything and doesn't know the market price of any single thing."

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ARTS

Gifts for the glitterati

Our critics present their seasonal greetings to leading figures in the arts world

As it was not exported to the Getty Museum after all, I shall give Canova's "The Three Graces" to Jeremy Isaacs at the Royal Opera House. It will look splendid at the top of the grand staircase that is planned for his new building and should impress the chairman of the Arts Council when he drops into the general director's office in the meantime.

How appropriate, too, that the figures seem to have acquired new identities: Patience, Thrift and Ingenuity. Patience, because the signs are that public opinion is against the Royal Opera House getting lottery money to fund its ambitious £100m redevelopment plan. Thrift, in order to reduce the company's financial deficit. And Ingenuity, to continue putting on a world-class programme in the face of competition from massively subsidised opera-houses overseas.

If Mr Isaacs does not like my gift, he could always try selling it on the black market. The £2m plus that it would raise could solve his problems for years to come. Alternatively, he could swap the three buxom ladies for The Three Tenors in concert. But then again - considering their fee for that Los Angeles gig - perhaps not.

Richard Fairman

Peter Hall *Antony and Cleopatra* (the production also to be recorded on TV) and a new production of Beckett's *Happy Days at the Cottesloe*.

For Harold Pinter and Tom Stoppard, two or more new plays each.

For Doreen Russell, an injury-free season with intense coaching by Suzanne Farrell in the Balanchine repertoire, plus a revival of Ashton's three-act *Sylvia*.

For Nicholas Hytner, new productions of *Cost for little*, *Il Trovatore*, *Lope de Vega's The Great Pretenders*, and a new play by Alan Bennett, with whichever British companies he chooses.

For Harriet Walter, an RSC season as Millamant, Hedra Gabler, Beatrice, and Rosalind.

For Mark Morris, an Edinburgh Festival production of any Rameau opera, a new staging of Handel's *Trois*, and a new work to commissioned music by Michelle Shocked and Rob Wasserman.

For Stephen Daldry and Anthony Dowell, a fire in the scenery department.

For *Anderson Country* (Radio 4), a fire in the sound department.

For Bryn Terfel, every pre-20th-century Italian and French and Russian role he is ready for and has time to sing.

Alastair Macaulay

Santa, that great deceiver, will probably let me down (again) but, if he received that note I posted to him at the North Pole, he will make the following deliveries:

To Jeremy Isaacs and the Royal Opera House, a large bundle of National Lottery cash (which I trust will not prove to be Fool's Gold) so that prices can be reduced. Those one-time "regular" audiences at Covent Garden have been priced out of their seats. Gone are the days when people could afford to go to opera and ballet three or more times a week. A opera house is vastly the poorer without the enthusiasms of these devotees, who give the theatre a vital part of its atmosphere and spirit.

To Anthony Dowell and Derek Deane, as directors of two big classical companies: a brace (each) of real

thousand-watt, rampaging ballerinas. Difficult, maybe, but certainly divine, these stars make sense of the old repertoire that the Royal and English National Ballets offer us. At the moment we see nice, dutiful young ladies busy being Princesses, Swan Queens and betrayed peasants. The heroine, alas, is not at home. It needs temperamental and a grand style to justify such ballets. And, as a bonus, the

box-office is swamped. To Sadler's Wells Theatre: policies which will bring a brighter and more vital air to the theatre. How welcome would be an end to visits from awful and awfully optimistic dance troupes. Let there be coffee rather than dish-water in the pit café; a general sprucing of the theatre's facilities; an end to mindless pop music in the De Valois room; a foyer less

like the rush-hour on the Northern Line (move the bar). And to London - a city where dance was once vital - the much-needed Dance House, to be a home for English National Ballet and Rambert Dance, an added stage for the Royal Ballet, and a serious port of call for large visiting troupes.

Clement Crisp



Radio/Martin Hoyle A frosty outlook

Not very seasonal, I'm afraid, but a phrase that has resonated through the week referred to "the extraordinary resilience of bad ideas... They come round year by year". Thus did the excellent Radio 4 series *Scapagoats* leave us with the gloomy prognosis that, when it comes to the Pharisees thanking God he was not as other men, human nature is condemned to "relive the same old mistakes".

Tchaikovsky understood. Radio 4's *Pride and Prejudice* trotted out the now familiar theory that the composer was forced to commit suicide by a kangaroo court of his academic colleagues, worried that his homosexuality might shame the old school. The proponent of this theory compared it with a Russian version of Eton. An opponent said nothing of the sort, the school produced several reputables and disreputables, some of whom were homosexual. As an argument against the Eton comparison this seemed a trifle sanguine.

The forced suicide idea strikes me as far-fetched but the incidents were fascinating: the Russian press came out in favour of Oscar Wilde during his disgrace, the male companion of Tsar Alexander II's brother was referred to as his "mistress" by the biased Parisian press. The programme's presenter, Stephen Johnson, wondered whether the phenomenon even aroused disapproval - rather naively, whatever the attitudes among the enlightened or the privileged, or even the lawmakers at any particular time, homosexuality has never been accepted by Christendom.

Which was why *Memoirs of a Woman of Letters*, I've got something to tell you (Radio 4) was so gripping. Three young men, with contributions from their families, recalled coming out as gay to their parents. The mother of a Jewish violinist from a supportive East End family remembered: "We all cried together and cuddled

together." A Mancunian student told his dad when he came back from smother. "He said, well, there it is, and took the dog for a walk." Mother added that he was a long time: "I'm sure the dog's legs were much shorter afterwards."

Their worlds did not fall in. Only with the Roman Catholic from Belfast was there a hint of bitterness. Goaded into telling his parents, ironically, by anger at the unympathetic attitude at his family's attitude. "They don't ask me how my partner is. It hurts a little bit. Sometimes I think, why did I tell them?" This programme was funny, touching and oddly reassuring. Taking the dog for a walk is a civilised response to familial upheavals.

Radio has a gentle, unobtrusive way of incidentally introducing slightly dozy strangers into your home. In Radio 4's *Personal Obsessions* I suddenly became aware of a collector of old gramophones verging on the quietly fanatic as he spoke of the survival of chocolate records, played with a glass stylus. "The sound quality's not brilliant," he said wistfully. Unless I imagined it all.

On Sunday Radio 3 went magnificently to town, many towns, several countries, for a 15-hour musical jaunt around Europe. The odd technical hitch (notably in the charmingly secular-sounding Anafest, into whose operas Mozart interpolated arias, cut off from Italy) is pardonable; less so sloppy editing of a reading by Robert Hardy. But there were fine things here, from Finland to Israel. I suppose it was salutary to hear the modern Russian composer Schnittke's variations on "Silent night" on Radio 3's *On Air*. Sour, jagged, dissonant, as aptly as barbed wire, they reminded us that the frost is no less sharp, the wind no less bitter on those turned away from the fm, and their numbers grow no less; just as bad ideas come round year after year and mankind relives the same old mistakes.

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Television/Christopher Dunkley

Silver screen memories

ANew Yorker cartoon shows a man using an axe to attack one of those mile-a-minute Russian vines at the corner of his house. His wife, at an upper window, is looking the other way to where a few leaves are appearing round the corner, and shouting, "Look out, here it comes again!"

It reminds you of Christmas television: no sooner have you repulsed one onslaught than the next is upon you. "Citizen Kane" on January 2, then, on January 7, Terry Gilliam begins presenting *The Last Machine*, which investigates film before 1913.

At the end of January Channel 4 starts *Visions of Heaven and Hell*, a series looking at our "headlong rush into the arms of technology". In the first programme, people such as Bill Gates of Microsoft and Peter Cochrane, the head of research at BT, talk about the advantages that technology can bring.

The second considers such social phenomena as the changes in work practices brought about by moderns - not to mention "cyber hippies" and "cyber anarchy".

The final programme ponders the question of whether social divisions may increase rather than diminish thanks to the new technologies. It is all very well for the information rich to regard their home work stations as a boon, but to the information poor the new habits may look like a way for the privileged to cut themselves off

electronically from a threatening outside world of pollution and crime.

One of the most heavily promoted series will be *The Private Life of Plants*, starting on BBC1 on January 11. This is the latest part in what will, surely, be seen eventually as one of the key achievements in the first 50 years of television: David Attenborough's remarkably successful attempt to explain the natural world.

Beginning in 1978 with the monumental series *Life on Earth*, he has progressed via *The Living Planet* and *The Trials of Life* to the more recent - and technically more astounding than ever - *Life in the Freezer*. We are promised that during this forthcoming six-part series on plants the intrepid Attenborough jumps across savannah fires in Kenya and dangles 200ft up in a rain forest canopy in Borneo. The trouble is, of course, that every director he works with is trying to outdo that blasted gorilla sequence.

On January 3, John Thaw moves yet another rung up the ladder of the legal fraternity when he makes his first appearance in *Kavanagh QC* on ITV as a barrister, though

with a northern, working-class background.

Ted Childs, who was responsible for the *Morse* series, is again executive producer, and the casts are glossy and expensive. In the opening two-hour episode, Kavanagh's wife is played by Lisa Harrow and the housewife who accuses a student of rape by Alison Steadman. Geraldine James is the prosecuting counsel. Subsequent episodes will last 90 minutes; what a shame they could not bring them down to 60.

Ever alive to the potential of an anniversary, the BBC will be marking the centenary of Purcell's death with a sequence of programmes on BBC2 and Radio 3 throughout 1995. They begin on New Year's Day with a documentary, *Henry Purcell, The English Orpheus*, providing a picture of his life in the London of Charles II, and continue on the same day with a live concert relay from the Banqueting House, Whitehall.

The finale is "Welcome, Welcome Glorious Morn" which Purcell wrote in 1691 for Queen Mary's birthday. Fitting that someone so involved in the anniversary business should have his own celebrated.



FT Christmas Arts quiz

1. To general approval, 1994 saw the back of a baroness on the move and three bottoms remaining stationary. Who was the baroness and whose were the bottoms?
2. Who recanted the cards to play the king on television?
3. What did W.H. Smith find suitable in March?
4. What did Bruce Land Rambert wish in May?
5. What became live in March, having been moribund before?
6. Which debutant promenaded for the first time at the age of 85?
7. And which Deb's efforts

8. If all's the world a stage, what part of it did the Globe become?
9. Which artist's ovine conservation was not quite what organic farmers had in mind?
10. Which turkey in Shaftesbury Avenue failed to live up to its name?
11. But whose pound of flesh turned out to be prime turkey?
12. Which dead poet became a best seller after someone else's funeral?
13. Which dead pianist became a star times 33?

14. Which ark developed a list but carried off the prizes?
15. Who took literary pursuits as far as doersteping?
16. Which famous screamer was outed in Norway (but went in again)?
17. Which Partridge changed its perch?
18. Writing to the press caught on. What prompted (a) the art establishment to write to the London Evening Standard? and (b) 87 writers to contact The Guardian?
19. Who left Nirvana in the hope of finding another?
20. Who left the boulevard

- under a cloud without enjoying the sunset?
21. Which knight's knight wouldn't be abouted down in Bow Street?
22. Which septuagenarian upstaged someone else's birthday party on the South Bank?
23. Which little film camera boldly went where (one hopes) no camera had been before?
24. How did Alan's meeting with Alain damage their health?

Answers on page VII

صلى الله عليه وسلم

Time for a voyage of rediscovery

The permanent collections of the major galleries are full of forgotten treasures. William Packer catalogues their delights

We are often inclined to take the constantly available treasures of permanent art collections for granted, leaving them to the tourist of the provincial. We promise ourselves there will always be Easter or Christmas at which to take them in. Not that we can accuse gallery directors of accepting our indifference. Nicholas Serota's policy at the Tate of a complete rehang every year has rebuffed attention on the permanent collections. The 1995 displays are due to be unveiled at the end of next month, but, by the nature of the exercise, much is already in place, so this is a good moment for an early scout around.

At the National Gallery, Neil MacGregor's thorough reordering of the collections, which the opening of the Sainsbury Wing made necessary, is just about complete. As to his hopes, that is a matter to which I hope soon to return. Even so, the temporary study exhibition drawn from the collections is a special case. These are dressed up with full and scholarly catalogues, or augmented by spectacular loans. The point is usually well made that here indeed is something special. At the Tate, on the other hand, even though the shows are no less remarkable, the feeling is too often of something modest and incidental tucked away in the farthest basement, over-shadowed by more important special exhibitions and permanent displays upstairs.

Such self-effacement is, in part, the creature of the sheer richness of the material available combined with the constraints imposed by limited funds. We should, I suppose, be grateful for what we get. The show that currently fills the Tate's lower galleries, of British watercolours, prints and drawings from the mid-18th to the mid-19th century, is remarkable for its quality and scope. Three rooms present, in

turn, three aspects of work in those media in which we British have long notoriously prided ourselves. Furthermore, they are from the period in which the British facility for such work supposedly achieved its fullest expression.

The room of landscape studies is an exhibition in itself, taking us from Gainsborough to Ruskin through a variety of familiar names yet in unfamiliar if characteristic images. All those we would expect are there - Wilson, Cosens, Sandby, Cotman, Girtin, Constable, Cox, Bonington, de Wint, Lewis, Lear and others beside.

The 1995 displays are due to be unveiled at the end of next month, but, by the nature of the exercise, much is already in place

while Turner fills the corridor outside.

The works are by turns beautiful and surprising, funny and dramatic, from Rowlandson's ripe wenchers spying in a wood to Ruskin's freely-stated distant view of Bologna through the trees. To pick out favourite things would be to catalogue the lot - Callow's cliff-like palaces along the Grand Canal, Cox's no less cliff-like tenements along the Seine, Turner's House of Commons on fire, Muller's stair cut into the rock, Varley's nod to Poussin in his "Suburbs of an Ancient City", and on and on. But how fresh these things are, and how direct. We sit at the artist's shoulder as he works, as if it were but yesterday.

The room of prints takes us from engravings after Stubbs, Constable and Turner to the etchings of Whistler and Keene, but is chiefly remarkable for the series of abstracted rocks and mountain-scapes of Alexander Cozens. He derived these from blots, his "new method of assisting the invention in drawing original compositions of landscape".

The third room holds figure and composition studies, often very full in their realisation, from Wilkie and Lawrence to Burne-Jones and Millais, with Max Beerholm's later satires upon life with "The Brotherhood" thrown in for good measure.

Wilkie's drawing for "The First Rearing" is especially charming, and indeed the drawings from life throughout are very fine, from Lawrence's old lady and John Jackson's portrait study of Wilkie, to the seated girls of Rossetti, Wallis and Burne-Jones, and Arthur Hughes's brief first note of his model for "April Love".

But in truth the room is dominated by the romantic medievalism of the pre-Raphaelite imagination, with Rossetti the central figure and Burne-Jones hardly less prominent. It is all highly enjoyable, dark, intense and romantic with its knights in armour and swooning ladies, sweet-briar and honeysuckle, Marianne at the Moated Grange and Fair Rosamund moving anxiously away from Queen Eleanor. It is even gently comical - Ford Madox Brown's "King Rene on his honeymoon" sits glumly in the garden as his wife kisses him sweetly on the cheek.

Two lovely landscapes by Boyce and Seddon, and an oddly modern drawing of a scrubby field by Wallis, should really be in the first room.

From Gainsborough to the Pre-Raphaelites: works on paper - the Tate Gallery, Millbank SW1, until February 12.



'The Blue Closet' by Dante Gabriel Rossetti, currently in the British watercolour exhibition at the Tate Gallery

Vintage Rivals

The curtain that greets the audience as they take their seats gives the cue to this production of *The Rivals*. Showing a scene from Bath in the 18th century, it is charmingly pretty, and looks quite authentic, but is somehow insipid.

Richard Cottrell's staging (first shown in Chichester earlier this year) gives us a flavour of how the original might have looked, with its clearly artificial flat painted backdrops. The acting style too is vintage - ornately mannered and involving plenty of appeals to the audience's comic senses, sly glances and shrugs. But while the production emphasises Sheridan's highly developed sense of the theatrical, this does not translate into a wickedly funny critique of the contrived behaviour of fashionable society. Sheridan's comedy has warmth, but it also has bite, and he is merciless in his lampooning of pretentiousness, nowhere more so than in his most memorable creation, Mrs Malaprop.

To be sure, Patricia Routledge, as Mrs Malaprop, is splendid. Decked out like a 19th-century department at Christy's, resplendent with ribbons and bows, satin and lace, she arrives in full sail to hold the stage. Her performance matches her appearance, with extra trimmings all over. She plunges into her character's hopes and mauling of the English language with enjoyable relish, while an occasional naughty snort reminds of us Hyacinth Bucket (the stuck-up old harridan she plays in *Keeping Up Appearances* on television).

Richard Johnson is amusing as the crusty Sir Anthony Absolute, growling, hectoring and waving his stick, and James Simmons has dash and charm as his wayward son Jack, whose secret disguise as Ensign Beverley is the lynchpin of the plot. Scenes that involve any combination of these three characters do take off: the reconciliation between father and son is delightfully funny.

But elsewhere, the production feels half-hearted. It takes a long while to crank up, and though Debra Beaumont is exquisitely pretty as Lydia Langrish, she is so straight there is no fun to be had out of her at all. Sheridan spared no one in his ridicule of fashionable society and if this does not emerge the whole Acres subplot, detailing the absurd length this yokel will go to to be thought *au fait* with proper social etiquette, seems rather meaningless. Billy Doyle is good as a bluff, scornful Sir Lucius O'Trigger and Adam Godley works hard as the mischievous, shapening Fankland. But it is all rather like a bite from an old snake who forgot to put his fangs in.

S.H.

At the Albery, WC2.

An old flame from Portugal

Antony Thornecroft salutes Lisbon, bowing out as this year's European City of Culture

bars that were kept open all night.

In the immediate future there will always be a small audience for the high arts in Lisbon. Venues which hummed with performances for most of 1994 will return to weekly concerts and the short opera and dance seasons, but the audience will grow now there is an infrastructure in place to support it. The main tangible benefit is the way the authorities were forced to invest in new, or revamped, theatres, concert halls and museums.

There were the usual schools of a right-wing government and a left-wing city council about footling the bill, but in the end more than \$30m was

conjured up. The funds did not permit any splashy new structures, but the main concert hall, the Coliseu, now gleams with the intimacy of a musical bull ring and two of Lisbon's main museums, of modern art in the Chiado and of Old Masters along by the river, are marvellous examples of how old buildings can be decked inside with modern trimmings without destroying the historic exterior structure.

As Portugal, seaward-gazing and introspective, gradually absorbs European culture, the refurbished buildings will tempt a larger audience. Not surprisingly, with all the special exhibitions, there were 50 per cent more gallery visitors during 1994. In all, about 1.5m

tickets were sold for more than 1,000 events, even though the organisers had to reduce seat prices by 30 per cent to attract decent audiences.

There were the usual grouches: that too much money was spent bringing foreign creative artists to Lisbon and not enough on encouraging local talent; that the events charmed the sophisticated minority while the man on the tram was untouched. But visits from orchestras such as the LSO and the Philharmonia, the Concertgebouw and the Czech Philharmonic, from dance companies such as Pina Bausch and Merce Cunningham; plus the opportunity to see for the first time opera productions of *Peter Grimes*, *The Makropoulos Case*, and *Julio Cesare* must have opened the ears and eyes of many first generation Portuguese.

There were setbacks, such as the cancellation of an exhibition by Portugal's leading artist, the London based Paula Rego, and a poorly received *Carmen*.

Perhaps the biggest row was over the poor reception given to Wim Wenders' movie *Lisbon Story*. The city wanted the best European director to capture in fiction this significant moment in the history of Lisbon. Wenders was tempted with a budget reported to be in excess of \$1m, but produced an overlong work which was as unimaginative as it was self-regarding. Shooting tourist Lis-

bon, he missed exciting developments such as the rediscovery of Lisbon's early 19th-century architectural grandeur in the "Seventh Hill" sector.

Lisbon worked as a city of culture because it gave a new angle on a little-known but fascinating capital. Lisbon is at its best when being itself, untouched by other Europe: in the Museu dos Azulejos, attached to a spectacular convent with a church, in which secular 18th-century scenes of Lisbon in blue and white tiles compete with gilt baroque for wall space; and in the special exhibition of fado at the Museu de Etnologia.

This describes how the spontaneous music of the street, the disregarded, despairing

19th-century voice of the brothers and the beggars, became gentrified as a tourist attraction in the 20th century. Its climax comes in a darkened room where the greatest fado singer of all, Amália Rodrigues, sings of abandonment.

It is a cultural experience of unrelenting power and passion, and quite a contrast to the formality which attaches itself to these cultural years. The statistical guru John Myerscough has evaluated the impact of cultural capitals. It is mixed: in Dublin only 5 per cent of those asked could remember an event they had attended; in Glasgow, 61 per cent of citizens voted it a success. Lisbon is happy that 48 per cent of the locals came down in favour; 32 per cent against.

Capitals of culture are a good idea, but the idea alone is not enough. They need planning, a rationale, and money, too. They work best in over-looked cities like Lisbon.



Sarah Hemming and Heather Tobias

Revolution to redemption

Sarah Hemming admires a stage adaptation of 'A Tale of Two Cities'

Best remembered by most of us for its opening and closing lines, Dickens' *A Tale of Two Cities* is a tricky novel to adapt, with its intricate storyline, constant shuttling between Paris and London and countless opportunities for sentimentality. It says much for Matthew Francis's fine, intelligent adaptation at Greenwich Theatre that it manages to embrace the scale, feel and thrust of the novel, and convey the sense of perpetual motion and of lives caught up in great events, while getting across (mostly) the complexities of the plot and bringing out the novel's fascinating themes of revolution, resurrection and redemption.

There are no tricks, no frills and no musical numbers: this is a straightforward telling, and the better for it. Occasionally it plods, but mostly it is wholly absorbing. Julian McGowan's versatile set of

dark wooden staircases, doors and platforms lowers over the auditorium and is both atmospheric and practical. We move from the Old Bailey to a Paris tenement to the walk to the guillotine with just a switch of lighting, no fuss and no elaborate changing of scenes - which is invaluable in keeping the momentum going. Beneath the staircase, centre stage, a pair of double doors and casually placed wheels suggest the shape of a coach: a visual emblem of the constant journeying to and fro that is at the heart of the book.

The set also offers several platforms, an ingenious device which keeps the audience's eyes moving round the stage and helps to overcome the fact that the novel is a different shape and has a very different impetus to a stage play. Francis's production, too, works hard to compensate for this, dramatising some scenes, reading some aloud, constantly moving and

changing focus, to give the flavour of Dickens' original, as it see-saws between light and dark.

The production is carried along by Timothy Walker's excellent Sydney Carton. Hair hanging in his eyes, clothes never quite where they should be, he is convincingly dishevelled but manages to stay the right side of self-indulgence and makes sense of the characters' disillusionment and final magnanimous act. And yes, he does speak those immortal last lines - and get away with it.

Julian Mitchell as Dr Manette has a quiet, compelling gravitas (though he could do with quaking less in moments of great emotion) and Eleanor Tremaine is appealing as Lucie, one of Dickens' difficult, flawed heroines. Bernard Lloyd is particularly good in the rather thankless role of Mr Jarvis Lorry, the amiable old banker who reunites the father and daughter - a mas-

terful portrayal of decency and humanity; while Madame Defarge (Heather Tobias), the ruthless French revolutionary, sashays round the stage with an impervious, self-righteous smile.

There are a few duff scenes - a rather lame staging of the French Revolution, for example - some heavy-handed sound effects, a few points where the pace drops and the production becomes solid, and the story could be clearer in places. Alexis Denisoff as Charles Darnay has little to go on, and makes very little of what he has (in the prison cell you would never believe he was a condemned man), while Susan Porrett wastes some of her comic opportunities as Miss Pross. But overall, this is an atmospheric, enjoyable production, not the best of adaptations, but far, far better than many.

At Greenwich Theatre, SE10.

Answers to the FT Christmas Arts Quiz

- Baroness Detha O'Catlain prematurely left her post in charge of the Barbican Centre, and Canova's Three Graces stayed in Britain.
- Michael Dobbs, in his second series about the machiavellian Francis Urquhart.
- Vikram Seth's *A Suitable Boy* won the W.H. Smith Award.
- Christopher Bruce's ballet *Land* entered the Rambert repertoire.
- The relaunched Radio Five Live.
- Base-bartone Hans Eyster made his Prom debut on the

- opening night as the speaker in Schoenberg's *Gurrelieder*.
- Deborah Warner's production of *Don Giovanni*.
- The Glacé*.
- Damian Hirst with his artistically preserved sheep.
- An *Absoluto Turkey*, Peter Hall's hit production of Feydeau's *Le Dindon*.
- Peter Sellers' execrated production of *The Merchant of Venice* at the Barbican.
- W. H. Auden, after he was quoted in *Four Weddings and a Funeral*.
- The subject of the movie *28 Short Films about Glenn Gould*.
- Schindler's List*, the film of

- Schindler's Ark*.
- Novelist Jeanette Winterson rushed round to a critic's house to confront them personally.
- Munch's *The Scream* was stolen in Oslo (later recovered).
- Alan Partridge (Steve Coogan), egregious host of *Knowing Me Knowing You*, moved from radio to TV.
- Respectively to complain about critic Brian Sewell and to demand more new plays.
- Kurt Cobain of the group Nirvana shot himself.
- Faye Dunaway was sacked during the rehearsals of

- Sunset Boulevard*.
- Sir Harrison Birtwistle's *Cosmic* was harracked by the self-styled "Rockers" at the Royal Opera House, Covent Garden, but supported by counter-demonstrations.
- Dura Bryan, in Harold Pinter's *The Birthday Party* at the National Theatre.
- The camera that filmed an orgasm from the inside in Desmond Morris' *The Human Animal*.
- Alain Resnais' film *Smoking*, adapted from Alan Ayckbourn, failed to spark, disappointing the fans of both.

ART GALLERIES

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Hamlet	8pm	Princess of Wales	Hamlet (Gielgud Theatre, Dec 20)

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FT ARTS GUIDE

Not only in Stephen Dillane's Hamlet the truest, most interesting, and most peculiar ingredient

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Information

FASHION / HOW TO SPEND IT

Sensual evenings home alone on the sofa



Comfort dressing can be as elegant as you like.

Lucia van der Post reports

When you are all shopped out, your stilettos are killing you and the effort of looking glamorous has begun to tell, then it is time for comfort clothes.

Of course, comfort clothes have long been with us - there are those who wear nothing else. Whether it be an easy tracksuit, a floaty caftan or a beaten-up pair of jeans, comfort clothes are what a woman puts on when she wants to relax, when she is tired of holding in her stomach and when the most appealing thing she can think of doing is to flop on a sofa with a glass tinkling with ice in one hand and a book in the other.

But there is another sort of comfort dressing. These are clothes that are just as easy to wear, just as forgiving, but infinitely more indulgent.

Forget cotton, Lycra or easy-care mixes. These are made of brocades and velvets, cashmere, silks and satins. They are metropolitan in mood, luxurious and seductive. These are the clothes to wear when champagne or a stiff Martini are on the menu and they are a million miles from the cup of cocoa and a biscuit mood.

They all hark back to the days when the salon played a large part in the social lives of the sophisticated metropolis, when being "at home" wasn't a synonym for sloppy dress but an invitation to the civilised indoor delights of good conversation, of music, of fine food and entertainment.

Such clothes have more than a touch of the hedonistic about them, echoing the heyday of the aesthetic movement, mirroring the richness of a Gustav Klimt portrait or the turn-of-the-century love affair with Eastern exoticism.

Clothes that tune into this new mood are everywhere. Kickboxer, one of the cheaper chains, has soft and seductive pyjamas that are luxurious enough to wear in company. Higher up the range, Georgina von Etzdorf has rich lush velvets, while Caroline Charles is the place for gold-brocaded jackets.

What they all have in common is that, being loose and unstructured with fluid outlines, they are just as comfortable, as easy to wear, as anything made of Lycra or acrylic, but are much more glamorous.

Since the fabrics are sumptuous and the workmanship intricate they usually don't come cheap, but they can as easily be worn to the grandest gathering as an evening home alone.



Pale silver-grey crushed tubular dress, £240, matching cropped jacket, £488, both from Issey Miyake, 270 Brompton Rd, London SW3; multi-crystal necklace, £1,200, from Erickson Beamon, 38 Elizabeth St, London SW1; Liberty, Regent St, London W1; Harrods, London SW1.

Gold, silver and grey embossed velvet robe, £394, silver chiffon ruffled collar shirt, £224, both from Caroline Charles, 56-57 Beauchamp Place, London SW3; grey silk palazzo pants, £168, by Ben de List, available from Harrods, London SW1; Harvey Nichols, Knightsbridge, London SW1; Liberty, Regent Street, London W1.



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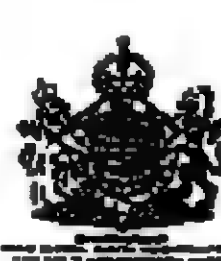
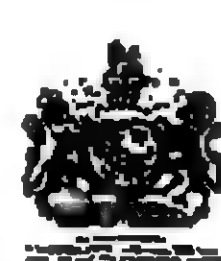
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Pale pink crushed velvet dress with owl brooch, £228, matching fringed scarf, £158, from Max Mara, 159 New Bond St, London W1; silver leather mules, £188, from Pied à Terre, 31 Old Bond St, London W1.

Photographer: James Martin Hair and make-up: Darren Evans
Stylist: Jane Roarty Sponsored by McGregor
Model: Kirsty McColl Moleighin Salon and Clinic



Silver and grey devoré tunic top, £270, matching devoré shawl worn as a sarong, £240, from Georgina von Etzdorf, 140 Sloane St, London SW1; grey silk palazzo pants by Ben de List as above; crystal choker, £220, from Erickson Beamon, as above.

EDWARD GREEN



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The walthamstow are already flowering in the back garden here and there are some on the Pink Per the house that really be the Old Rectory in the Sun... committed Veronica in London's Old New Caroline... years ago?

For those coming up the... it could be a thing ob... to Veronica's recent... and lighting. An old... her last year how to spray her... Christmas tree with white... made application. This year... and it on the contrast... the gold variegated elegance... which she and Julian planned... in the mid drive on the Old... luxury contrast in 1996.

For every visitor has been... more than 200 high, and... Veronica summed her kills... away while trying to cover... with fairy lights. When nature... a relative to being Christmas... ready to take a Shona... while Veronica has been... continuing on her step-ladder,...

مساحة من الارض

FOOD AND DRINK

Appetisers

Gin for proper dry martini

Amid the ballyhoo over the progressive watering of Britain's leading gin brands, James Burroughs, based in London's Kensington, emerged with its reputation unshaken. Its Bestwater brand remained at the former standard strength of 40 per cent alcohol, while many of the others withered down to 37.5 in imitation of Gordon's.

Burroughs has now added to its range by creating Crown Jewel, a gin with a proper cocktail strength of 50 per cent by volume. It has the juniper character which is the hallmark of all gins, allied to those citrus peel aromas which are part of a "London dry" recipe.

"There has been a suggestion that the distillers might have used grapefruit rather than the more standard orange or lemon peel. This could be true, but there is also an intense orangey note to the spirit of almost Cointreau-like intensity. This is a pretty, superbly made gin, ideal for lovers of proper dry martinis.

For the time being it is available from duty free shops only. Prices vary between £10 and £11 for a litre bottle.

Giles MacDonald

Good chocolates always make good last-minute gifts and, in spite of the horrors made by Belgian chocolatiers in the UK, there have always been English manufacturers at the top end of the market.

For quality and presentation it is hard to beat Charbonnel et Walker, One Theobald Avenue, 28 Old Bond Street, W1X 4BY (tel: 071-491 0939) which still keeps lists of customers' preferred centres.

Selfridges, in Oxford Street, London, W1A 1AB (071-629 1294) offers a wide choice including its own selection of truffles, English and Belgian filled chocolates. For post-prandial nibbling, try Café de Santos roasted coffee beans coated in plain, milk or white chocolate (£2.25 for 150g) or hand-finished squares of fine Belgian chocolate, brittle as tree bark, at £2.95 per box. Duché, a Swiss dark chocolate liqueur on an apple and pear schnapps-base (£11.99), would make a worthy dessert.

French chocolatier Michel Christel has produced an almost pure chocolate - 99 per cent cocoa with hardly any sugar. If chocolate has gone designer, this is the extreme end of the catwalk. Austere, wrapped in matte black and gold, it is sold in 30g bars (£1.35).

The Chocolate Society's *grand crus* chocolates are easier on the palate. It



Cheers: Janis Paige and Bruce Bennett in 'The House Across the Street' from Stephen Bayley's book 'Gin'

produces "single blend" bars from the rare Criollo, Guanaja, and Tintillo beans which make up only 10 per cent of the world's production. The flavours are distinctive and the society also produces truffles using its own chocolate and fresh cream.

At Godiva's elegant shop at 247 Regent Street, W1R 7AB (071-495 2845) weary shoppers can revive themselves with a cup of hot chocolate served with a pile of whipped cream while choosing from a sumptuous range of filled and moulded chocolates. The coin-stamped Ecu - milk or dark chocolate filled with a bitter hazelnut paste - does more for currency than any economist.

A wide range of quality chocolate is increasingly available outside London. At Sweet Seductions, 78 Regent Street, Leamington Spa, Warwickshire, CV32 4NS (01926-481017), I found my chocolate choice of the season: a miniature mince pie shaped out of white chocolate, enclo-

sing a dark chocolate ganache flavoured with rum and cinnamon - available singly (50p) or in packs of four (£2.15p).

My other seasonal accolade goes to Fortnum & Mason, Piccadilly W1A 1ER (071-734 0040) for its aptly-named Elegant Thin: wafers of fine chocolate in various flavours (£7.25 for a 250g selection).

Mandy Bentley

Cyril Ray's unsponsored, elegantly written book on Bollinger champagne, first published in 1971 and revised in 1982, was by no means limited to the affairs and wines of that house. It is one of the best books on champagne and its history, with special attention to the famous 1911 vintages, when troops were sent in to crush the rebellion of growers protesting at the use by some firms of cheap still wines bought outside the region.

Bollinger was not affected. Now the book has been revived and updated by Serena Sutcliffe (Bollinger, 221 pages and,

at £20, less than the price of a bottle of Special Cuvée). She has provided information on changes in the last decade, details of the industry's structure and her personal appreciation of Bollinger vintages from 1983 to 1988.

Edmond Penning-Rossell

Overall winner of the 1994 organic food awards is Little Marcle Organic Partnership, of Ledbury, Herefordshire. This company grows vegetables, packs them in boxes of mixed seasonal varieties, and delivers them weekly to its subscribers. A box containing enough for two people for a week, costing £4.50, was commended by the judges for freshness, flavour, presentation and value for money. For further information ring 0153-628882.

Winner of the poultry category was P.J. Onions, of East Ashridge Farm, Newark, Nottinghamshire (0949-850288) who grows organic over-ready chickens.

Philippa Davenport

Wine

Why the next two vintages are crucial

Janis Robinson with the final part of an article on trends in Australian wines

The words "cautious" and "nervous" are two unlikely adjectives which accurately describe Australia's wine exporters at the moment. For the past few years they have been justifiably gung-ho, with wine exports having risen tenfold since 1986 to represent almost one bottle in every four produced. Their much-vaunted plan is to continue to woo overseas wine-drinkers to the tune of A\$1bn in total wine exports by 2000, but they are hitting a few snags - even discounting a couple of natural disasters.

First dented next year's vintage prospects in the all-important Barossa Valley, the most famous wine region in the wine state, South Australia; and a severe drought could well reduce the 1995 vintage in a country that is already short of the premium grapes on which its export sales depend.

There has been a flurry of new plantings, which will increase acreage by a good 7 per cent (so much so that many fear there will be a grape glut in five years) but they will not come into production in time to halt a spiral in grape prices for the 1995 and 1996 vintages.

Almost all wine producers depend heavily on grape growers, and paid them an average of 33 per cent more between June 1993 and June 1994, while average domestic wine prices rose just 6 per cent and export prices rose an almost unimagineable 1 per cent.

Vines take three years to produce a viable crop, so plantings tend to reflect demand with a pronounced lag. Fuelled by 1980s fashions, everyone has been planting Chardonnay, so the acute medium-term shortages are predicted for premium red varieties such as Shiraz and Pinot Noir.

At the bottom end of the market, there is no lack of basic cheap Sultana and Muscat grapes (which alternate between supplying the wine and dried grape markets). It could be that Australia's fate in the big, bad wine world over the next year or so will depend on producers resisting the temptation to stretch the good with the heavily irrigated and distastefully less good.

Australians, like European wine producers, are allowed to blend in up to a total of 15 per cent of grapes, vineyards and regions other than those specified on the label, but the catch-all "South Eastern Australia" appellation, devised for export, allows producers to source grapes more or less anywhere except the isolated and relatively limited vineyards of Western Australia. Australian wine folk, almost all of

them male, are inveterate travellers. There is already considerable discontent within Australia about "flying winemakers".

These antipodean experts make wine in Europe during their quiet winter back home, but there is concern that their activities are simply diluting Australia's technical advantages by exporting them to its commercial rivals, many of them with lower cost-bases.

Having themselves put pressure on the French in the late 1980s, Australian exporters are all too well aware of the increased competition their wines face from South America, South Africa, southern France and Eastern Europe in the mid 1990s. They have won a 6 per cent share of the precious UK market from a standing start, but on the basis of offering real value for money.

Many industry figures are concerned about how they will keep this enviable reputation as prices rise. "We have no alternative but to increase prices," maintains Robin Day, managing director of Pernod-Ricard's Orlando, whose Jacob's Creek range has become Britain's most popular brand of bottled wine. "We simply can't afford to absorb any more results of the currency movements and the grape shortage."

Brian Croser, who successfully negotiated a halt to the rise of domestic wine tax in late 1993, is also chairman of the commercially significant Royal Adelaide Wine Show. He had to report that this year's judging marathon resulted in a dramatic decrease in the number of gold medals awarded in the cheaper wine classes, of wines destined both for export and domestic markets.

"Australia has entered dangerous commercial territory," he warned his fellow wine producers. "The thing central to our success - premium varietal wines at good prices - is vanishing. As the cost-accountants rampage through our cellars, we are becoming producers of FAQ (fair average quality) wines. We must be careful as a viticultural nation that we don't lose sight of why our wines have been successful on export markets."

If by any chance the British did fall out of love with Australian wine (and nearly half the exports from Australia/New Zealand went to the UK last year), things could be very grim for the Australian market. The relatively static domestic market Down Under would find it extremely difficult to absorb the quantities involved without a repeat of the dumping which ruined the market in its last down-swing.

Cookery / Philippa Davenport

Food fit for another curtain call

Entertainments work up the appetite. Circus and pantomime matinees are easy to cater for. You lunch beforehand and when you spill out on to the streets after the performance it is time for a slap-up tea.

Quintessentially, in London's Curzon Street, was the favoured venue when I was a child. Warm and brightly lit with a Christmas tree, it brimmed with jovial uncles. The sort of uncles who told silly jokes, who understood full well that sandwiches were of little interest to girls and boys, and who pressed half-crowns into the hands of their nephews and nieces at the end of the day.

When such uncles were in charge, second helpings - even thirds - of ice cream were a distinct possibility, and plates of delectable sticky buns, biscuits and cakes were replenished as fast as they were

devoured: meringues, chocolate eclairs and walnut cake among them. An amazing succession of treats when you consider that sweets were still on ration at the time.

Grown-up theatre parties are more vexed gastronomically, as the timing nearly always cuts across the hour at which one wants to dine.

You can of course grab a bite during the interval to spare you the embarrassment of tummy rumblings during the third act. But in that case the crush of the crush bar and the rush of eating quickly is liable to replace hunger pangs with terrible indigestion.

Much more civilised, surely, is the old-fashioned habit of tucking into an unhurried *bonne bouche* before the curtain goes up and returning home afterwards for the main course and dessert. The alternative is to patronise a restaurant close to the theatre that allows you to split your meal in two.

Traditional *bonne bouches* include smoked salmon sandwiches, potted shrimps, oysters, *oeufs en cocotte* and scotch woodcock. More contemporary choices include grilled asparagus with pesto, chicken liver crostini and roasted red peppers with rocket and squid.

The post-theatre part of the supper, if taken at home, should be simple, special and fast work - I mean capable of being brought to table within 10 minutes of opening the front door. And I can think of nothing more appropriate to follow an evening at the opera than sumptuous little *tourneados* Rossini.

Rossini was as passionate about food as music. As Harry Luke points out in *The Tenth Muse*, he composed both *The Barber of Seville* and *La Cenerentola* before he was 25 and he did not write another opera after he was 35. "Became rich and idle and concentrating

thenceforth on good living, he settled in France... and devoted the last 40 years of his life to culinary rather than musical composition."

Tourneados Rossini is arguably one of his finest works. It is a dish that demands little time and no special cooking skills. It calls for few ingredients - but the finest.

Escoffier gives the recipe in his *Guide to Modern Cookery*. Fry some *tourneados* in butter. Dish them on crusts of fried bread. On each *tourneado* lay a round slice of *foie gras* just a little smaller than the former; the slices should be seasoned, dredged and turned in butter.

On each slice of *foie gras*, set a fine slice of truffle.

The 1981 edition of *Larousse Gastronomique* offers a greasier interpretation, specifying "three good slices of truffle for each *tourneado*" and it instructs the cook at the end "to dilute the pan juices with Madeira and demi-glace". Take your pick.

Now, some of you may have gained the impression from my recent columns that I do not consider *foie gras* and truffles good companions. Far from it. It is true that cooking and preserving the two ingredients together strikes me as a terrible waste, for most of the flavour and fragrance of a truffle is lost when cooked. As Elizabeth Rosteing, of Gourmet Foods from France, puts it: "Truffles substantially enhance the price but not the flavour of preserved *foie gras*."

But combining *foie gras* and truffles at the point of serving is a very different matter - it is a marriage made in heaven. Fresh white truffles from northern Italy, the most expensive and best, are usually in season until just after Christmas. The season for black truffles from France runs until March. Rosteing is thinking of bringing some over from Provence when they are harvested

there in late January and February. Interested parties should contact her in good time (tel: 081-788 6908 and fax: 081-789 2732).

If *tourneados* Rossini seem a little too extravagant even for the festive season, or if some of your guests do not eat meat, an attractive alternative choice for a theatre supper would be a fish soup-cum-stew served with *abbi*. This is more work for the cook but most of it can be done ahead, leaving you only to reheat the broth (rich fish stock spiked with saffron, wine, chunks of fennel, potato, leek and red pepper) and to add the fishy morsels (monkfish, cod, scallops, squid, prawns, mussels or what you will) on your return home.

I suggest following either dish effortlessly with salad and cheese, and offering Elvas plums with coffee as a final curtain call.

Gardening

The Internet enters life at the Old Rectory

Robin Lane Fox checks up on the Sloane Wallys

The wallflowers are already flowering in the herbaceous borders and there are dozens of buds on the Pink Perpetue rose up the main front of the house. Can it really be another Christmas in the Sussex Old Rectory to which Julian committed Veronica Sloane Wallly from their home in London's Onslow Gardens eight years ago?

For those coming up the drive, it could be nothing else, thanks to Veronica's recent whitening and lighting. An old Sloane friend, Annabel, taught her last year how to spray her Christmas tree with white washing powder, wet-mixed for needle application. This year, she has tried it on the contrasting group of Leylandii cypress and gold-variegated euonymus which she and Julian planted as the ink dried on the Old Rectory contract in 1985.

Not every visitor has been as whole-hearted about this combination. The cypresses are more than 20ft high, and Veronica jammed her Killaspray while trying to cover them with bio-degradable whiteness before dragging them with fairy lights. When nature is refusing to bring Christmas outdoors, it takes a Sloane Wallly to do it instead.

While Veronica has been stimulating on her step-ladder, Julian has come round to some

simulation of his own after thinking through the problem of her melancholia. Thanks to last year's City bonuses, properties in Onslow Gardens are still sky-high, thanks to the market for private clients, the price differential between Onslow Gardens and the Old Rectory is much too wide to consider returning in style to London.

Every year, the dull, wet days of November do little for Veronica's nostalgia. This year, daughter Victoria has done even less. It is amazing what a second-class degree in Communication Studies now commands as a London starting salary. Sloane Walllys always like to see enterprise rewarded, but Julian and Veronica were not exactly employed daughter to declare seasonal war on Sussex and decamp with an office bonus,

an office partner and a free fortnight on Air Miles to Columbia until the new year.

Discussing things with friends at the office, Julian began to see how to make virtuality out of necessity. For weeks, Victoria has been talking impenetrably about Internet surfing, the sky highway and CD-Rom stimulation. Two weeks ago, the topics came up again over lunch with his old school friend, Jeremy.

Several of Jeremy's contemporaries have been hit badly again by Lloyd's and, this year, they have been forced under the hammer. Two of them are much less bothered about losing the house than losing the garden: window boxes in Pudding are no compensation. So, they have teamed up in adversity and come up with tomorrow's alternative, Inter-Dig, or global network horticulture, aims to bring the experience,

but not the reality, of English country gardening to the house-bound, the bankrupt, and corporate lawyers on post-pings to the Guild.

In winter, Veronica's code name for the pony paddock has always been Siberia. Until Jeremy spelt the address, Julian thought he was joking when he told him to go down to Soho, find Charlotte Street and key in for a session at Cyberia, London's latest state-of-the-computer-art.

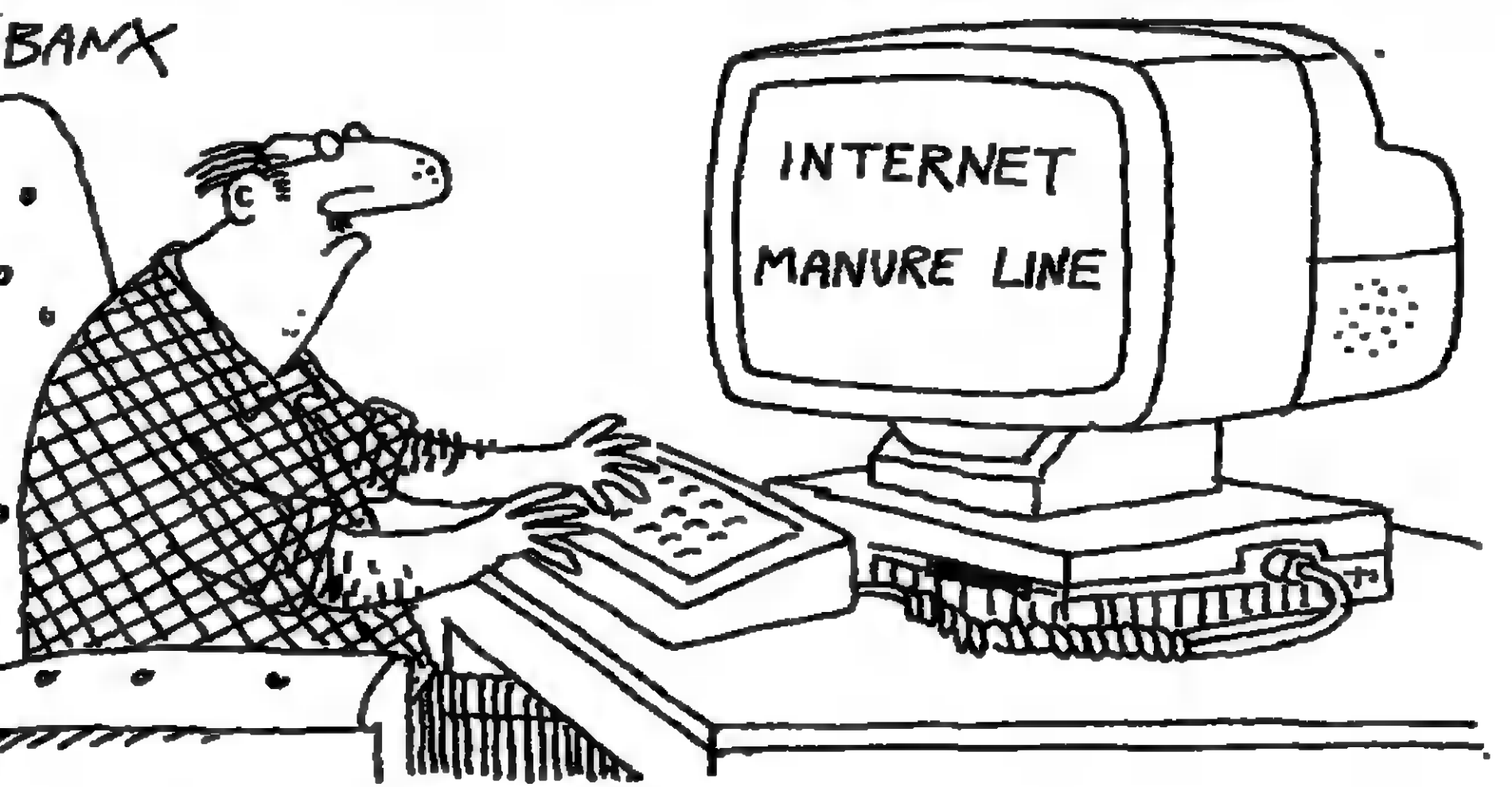
Not only did they offer him some excellent slices of chocolate cake. For £2.50, they made Julian the first Sloane Wallly to sit at a keyboard and join the Internet, bombarding him with a choice of bulletin boards from Bill Clinton's Christmas message on screen to the CIA files on third world agriculture.

Julian had no idea what possibilities were open to today's

gardeners. At cross-terminals, he found himself linked up with Duke in California, who was sharing his experiences with crops of sun-dried tomatoes among cactochius, while an earth group of live-in feminist gardeners was advertising to swap seeds of Jack-gooses for lady's smock.

Thanks to Cyberia, Julian no longer thinks of the information highway as one more bill-ledding about traffic jams on the M25. In half an hour he had girdled the earth without digging it, and he felt himself to be part of a green skyway far above the ground elder in his own camomile lawn.

Every winter, Veronica becomes wistful when the rain sweeps in from Horsham. Why not Internet her for Christmas: wire her up and let her enjoy the appearance without the experience, as Jeremy put it, cryptically? At a touch on the



keyboard, she could garden vicariously while surfing above Sussex on the new computer networks in the sky.

Here is how to do it. For Christmas, Julian has bought her a year's link-up with the Internet, focused specially on gardening and green issues, and helmet membership of Inter-Dig, which aims to simulate any experience from Sit-tinghurst to an evening with Penelope Hobhouse as soon as you plug it in. (Perhaps Inter-Sloane would have been even more effective but, until Onslow Gardens is Internetted, too, a day of apparent weeding without worms or any pain in

the hips will do something to take the edge off January outside London).

There is one minor uncertainty. Sloane Walllys are emphatically in favour of the free market, but Julian did learn at Cyberia that access to the Internet is *non profit*, totally free and unrestricted. It is not only that the CIA file on third world agriculture contains some astonishing statistics about the scale of coca plantations in Colombia and a fact-file on the coca plant's requirements, all of which would have been met admirably by this year's very dry summer in the Old Rectory's

paddock. Worse, recipients can net in, swap details and surf off to the sky with anyone who makes key contact and takes their fancy. Even on his trial run, Julian Internetted with a girl in dungarees on an allotment who gave a new meaning to the idea of a Green Goddess. What he wondered, if Veronica became locked in with some urban soul-mate on a computer latitude far from the home counties? While it might work wonders for the winter blues, Julian did spend last night, before wrapping up the gift, reading the instructions to see if access could be controlled at the giver's discretion.

TRAVEL

Christmas Krakow keeps the faith

Christian Tyler absorbs history in a city where Christmas eve tradition includes church and a family feast, yet Auschwitz is just a short taxi ride away

At 11.30pm an invisible hand unlocked the doors of St Mary's basilica on the corner of Rynek Główny, the market place which is the largest medieval square in Poland.

By the time the Archbishop of Krakow and a dozen assistant priests had mounted the high altar to celebrate midnight Mass there was standing room only. Even after the chimes of midnight had rung, people continued to press through the doors and into the church.

The altar was scarcely less crowded than the nave. In the centre, surrounded by acolytes, stood the archbishop, a white-haired, dignified figure who looked too old to be successor to the last incumbent of the Krakow episcopate - Karol Wojtyla, otherwise known as Pope John Paul II.

Lanterns radiated weak light, while the chains from which they hung disappeared into the basilica's gloomy vault. In the dimness, all eyes were drawn forward to the tabernacle being enacted on the high altar where a gilded reredos, 13 metres high, reflected the light of a thousand candles.

Polish Catholicism may be primitive, and the power of the Church may be extraordinary in a post-communist country, but it has certainly guaranteed the survival of the Christmas traditions which many westerners feel have vanished from their own festival.

That afternoon there had been a double queue of last-minute customers in the liquor store as the shops closed up and families retreated indoors for *wigilia*, the Christmas eve celebration. Poles, it is well known, like to drink but they do not celebrate Christmas by getting legless and spewing in the street.

No doubt they spend more money than usual, but they do not behave as if Christmas were the joyful summit of the retailing year.

It was dusk, about 4.30pm, when the waiter brought the bill for our Christmas lunch. He had been smiling solicitous all afternoon. Now he was showing signs of distress, for he wanted to go home to his family.

The bill he laid amid the ruins of the feast had so many digits in it

there was hardly room on the paper. The majestic sum of 1,497,000.00 zlotys was in reality a modest outlay for a west European. A six-course meal for three people at the Wierzynek, the best-known restaurant in the city, including vodka with the herring *z krakowie*, Ukrainian champagne to accompany stuffed cabbage, soup, mushroom *piezuzki* and bread-crumbed carp, cost less than 250.

On Christmas Day, the streets of Krakow were deserted. In the country suburbs, however, on the high banks of the river Vistula, families were out walking. Many carried yew branches, or whole Christmas trees, which they were taking to the cemeteries to lay on the graves of their dead. In the church of one convent, a small boy stood in front of the crib, mesmerised by a beautiful angel with blonde hair who waved a torch back and forth with her clockwork arm.

Southern Poland was grey and drizzling. The snow which had whipped across the German-Polish border and had been piled high in upper Silesia had now petered out altogether. Even on the high Tatras, which stand like a rampart 100km south of Krakow, there was only the thinnest coating of white.

If this part of traditional Christmas was missing, it did not matter. The old city centre of Krakow, formerly the royal capital, is one of the most atmospheric in Europe.

Although the walls surrounding the 13th-century town were knocked down in the early 19th century and the most filled in to make gardens, the medieval bones are clearly visible underneath their neo-classical facelift.

From the surviving bastion on the north-east side to Wawel Castle by the Vistula on the south is a 10-minute walk with enough inside its 76 hectares to occupy 10 days.

In the centre of the great square where traders sell flowers, cheap woollen jumpers and fake caviar stands the colonnaded Cloth Hall. Its long arcade of shops is a good place for Christmas presents: amber jewellery, embroidered linen, carved wooden figures and boxes, fur caps and waistcoats. (All Poland, of course, is selling Red Army surplus such as badges, caps,



Krakow's main market place - Rynek Główny - is the largest medieval square in Poland. In the colonnaded Cloth Hall, shops sell jewellery, embroidered linen and carved wooden figures and boxes

bimoculars, knives, bayonets and - under the counter - guns.)

Beside the Cloth Hall is the tower of the former town hall. Its main surviving office is to house a good beer cellar with permissive opening hours. On the western side is the Jagiellonian University, one of the oldest in Europe, where Copernicus studied astronomy and the present Pope - who apologised for the Roman Catholic church's anti-Copernican mistakes - studied drama and literature. Leonardo da

Vinci's "Lady with an Ermine", rated by some his finest portrait, is to be found in the Czartoryski museum.

At any time of year, Krakow is the obvious place from which to make the pilgrimage to the former death camp of Auschwitz-Birkenau. If you have the stomach for a taxi and going alone in the cold, grey midwinter when the excursion coaches have departed.

Auschwitz I, a solidly-built pre-war army barracks, is where the exhibits are laid out and the history explained. But to see the vast Birkenau camp under a blood-red sunset and to stand by the twisted ruins of the gas chamber-crematoria where more than a million Jews were exterminated is to understand what is meant by "the banality of evil" - industrialised mass murder.

Steven Spielberg's film masterpiece, *Schindler's List*, has no doubt helped put Krakow on the map. It was to Krakow that Oskar Schindler came to start in the war-supply business, here that the sack of the long-established Jewish ghetto of Kazimierz (so horrifyingly depicted by Spielberg) occurred, and close by that the Plaszow labour camp was set up. From its bland modernised interior it is not obvious, however, that the large Cracovia hotel, a few hundred yards from the city centre, was where Schindler is said to have ingratiated himself with his Nazi protectors.

Yet Krakow is a rare example of a continental European city that shows no wartime scars. Nor would the visitor guess that a few kilometres from the centre is the vast steelworks of Nowa Huta, responsible for half the country's output and most of the city's pollution.

The works was put there deliberately by the former communist government to give bourgeois Krakow some appropriate proletarian balance. It has done no damage to the spirit of the place - and especially not to the Christmas spirit.

Continued from Page 1

successor will bear the stamp of the Polish pontiff's views.

In the event of a new conclave, 100 of the 120 cardinals who are under the age of 80 and are allowed to vote have now been chosen by the Pope. This has led to further criticism from liberals, yearning for a less autocratic successor. Their favourite is the 66-year-old archbishop of Milan, Cardinal Carlo Maria Martini, a Jesuit with a reputation as a conciliator who is described frequently in Italy as the "pope in waiting".

In all this, the Pope's health has become the greatest impediment. In July 1992, a benign tumour was removed from his colon. Then, in April this year, he slipped in his bathroom. As a result of the fall, he has had metal alloy replacements for part of a broken thigh bone and has not recovered fully.

Yet, the Pope refuses to rest. Joaquin Navarro Vals, the Vatican spokesman and one of the few with daily access to the Pope, says: "The holy father works every day of the week, 16 hours a day, and he is 74 years old. No wonder."

The media, which he exploited so successfully in the early years of his papacy, is now taking an intense interest in his age and infirmities. The effects are cruelly visible on television and in photographs.

In October, when the Pope confronted a crowd in front of St Peter's shouting "Viva il Papa", he said as an aside: "Per ora vive" ("At least he's still alive").

Despite this good humour, the Pope is becoming more distant and withdrawn in public, often slumped in meditation. There have always been two sides to his complex character - the philosopher wrapped in abstract thought and the emotional, poetic man of action. Now, the meditative side is taking over.

This impression is reinforced by the interview with the Pope conducted by an Italian journalist, Vittorio Messori, and published in book form this autumn. Despite its frequently dense philosophical prose, the book has become an international best-seller - proving the extraordinary magnetism of Pope Wojtyla. It has topped the lists in the US and the UK; in France, it is in its fourth edition; in Italy, more than 350,000 copies have been sold. Editions are being prepared in Chinese and Russian.

The Pope in winter

Yet, this evidence for the continuing influence of the Pope's strong conservative views has worried many of his critics within the Church. The danger, they argue, is that the Church risks finding itself with another "Pio Nono" - a reference to Pius IX who, in 1870, consummated his 32-year pontificate with the First Vatican Council and the declaration of papal infallibility.

They fear John Paul II will become even more reactionary and continue to rein in the process of collegiality and democratisation launched by the Second Vatican Council under Pope John XXIII. The Pope, they add, has suggested he is keen to draw up a new definition of infallibility.

They also argue that he has already, on occasion, made some serious political and diplomatic errors of judgment. One example was his decision to grant Kurt Waldheim, the former Austrian president who concealed his war-time involvement with German intelligence in Croatia, a papal knighthood for services to human rights.

The Pope's efforts to achieve a rapprochement with Orthodox churches have been far from successful. The collapse of communism in eastern Europe - which he helped to bring about - has, if anything, exacerbated long-standing rivalries. The Russian Orthodox Church had been forced to collaborate with the Soviet regime and took over some Catholic institutions. Now, it views Rome as a proselytising threat and an institution that could reclaim property.

In the former Yugoslavia, civil war has been given an added vicious twist by the rivalry between the Orthodox Serbs and Catholic Croats. Indeed, the Vatican was so anxious to back the Croats that it was the first, along with Germany, to recognise independent Croatia and Slovenia.

Since then, the Holy See has been doing its best to minimise the consequences of this hasty diplomatic recognition. But the Serbs have not forgiven the Pope, and they

forced him to cancel a visit to Sarajevo earlier this year.

The Pope's big project, which he hopes will reunite the Church and revive its prestige and popularity, is to hold a special jubilee to mark the millennium, attracting perhaps 40m pilgrims to Rome during the year and large numbers to the Holy Land.

A Catholic jubilee has, historically, been the occasion for individuals to seek pardon for their sins. The Pope is expected to use this jubilee to re-examine the Church to see where it, too, may have erred.

This will include a re-assessment of the inquisition, the persecution of intellectuals and scientific thought (as with Galileo), its support of the colonisation of the Americas and, more recently, the role of the Church during the Holocaust.

Yet, the jubilee also contains many pitfalls for a Pope identified with the most conservative side of Catholicism. As the gap widens between what the Vatican preaches and how modern industrialised societies behave, he is vulnerable to criticism for being obstinately out of touch.

This gap was much in evidence at the recent United Nations population conference in Cairo. A strong Vatican delegation fought tenaciously to avoid acceptance of artificial birth control, much to the dismay of the conference organisers. Although it was unsuccessful,

what he has termed the "contraception mentality" has simply turned them away from the Church, just as the Vatican's insistence on priestly celibacy (which became obligatory only in the 13th century) has been largely responsible for about 100,000 priests leaving the priesthood in the past 25 years.

John Paul II has clearly been touched by these criticisms. In his book, he insists: "I must repeat that I categorically reject every accusation or suspicion concerning the Pope's alleged 'obsession' with this issue."

He adds: "We cannot afford forms of permissiveness that would lead directly to the trampling of human rights, and also to the complete destruction of values which are fundamental not only for the lives of individuals and families but for society itself."

Even inside the sacred college, there are advocates of a more pragmatic approach. In an important interview with John Cornwell, the *popabile*, Cardinal Martini of Milan conceded that the Church's teaching on contraception had not been expressed "so well".

The problem was a relatively new one. "The Church, on the other hand, thinks very slowly, so I'm confident we will find some formula to state things better, so that the problem is better understood and more adapted to reality," he said.

Martini was also confident that the holy spirit would guide the Church to resolve the problem, just as the Church had overcome other moral problems in the past. Usury was considered a serious sin in the middle ages although everyone practised it. Little by little, the Church began to see usury in a different light, although it took centuries to resolve the problem.

No one questions the power of the Pope's conviction, his role in helping to bring down communism and setting forward a serious intellectual alternative to the consumerism of capitalist societies which, he feels, has created a godless world without values. But can the Church afford to wait centuries to resolve the problem of birth control? And can it be achieved under a Pope with an absolutist view on dogma?

As John Paul II enters the twilight of his papacy, the biggest challenge facing the Roman Church is to reunite its flock. Whether Karol Wojtyla is the right shepherd to lead it into the next millennium remains an open question.

The Holy Father works every day of the week, 16 hours a day, and he is 74'

The media are now taking an intense interest in his age and infirmities

cessful, the Vatican was pleased to have forced moral issues on to the agenda.

Taking a moral stand might not be enough. The Church cannot indefinitely ignore public opinion on issues such as birth control, women in the priesthood, and priestly celibacy. Of all the issues splitting liberals and traditionalists, the Pope's uncompromising view on birth control is the single biggest divide.

Many Catholics disagree with the official doctrine and use artificial contraception. Many Catholic countries also have some of the lowest birth rates in the world. For them, the Pope's crusade against

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Cuba: cash-strapped and jerry-rigged

Nicholas Woodsworth visits a small town where everyone lives in the past – and even lighting the kitchen stove is a challenge

Is there any sense to the world of holiday travel? Not a great deal, I decided as we basked in low overcast skies and the sea was calm. The threat of 200 French tourists.

Cuba is not for everyone, it seems – especially not for those who are not used to the threat of imminent extinction – by sharks, by storms, by hurricanes, by exposure or drowning – has done little to deter tens of thousands of tourists from hopping into limousines and paddling out to sea, away from Cuba. One has to wonder what even greater threats at home push them to so desperate a form of travel.

Or does one? No one aboard the Canadian holiday charter sight seemed to be wondering at all. As we touched down on Cuban soil at Varadero airport, an entire plane-load of rowdy pleasure-seekers broke into enthusiastic applause. There were cheers and whistles all round. It was as if we were arriving in the promised land. A couple of days passed, and I began to realise that for recession-bitten, snowbound Canadians, we indeed had Varadero, Cuba's largest beach resort, was everything their travel agents promised – the cheapest Caribbean package holiday on offer. With the US market out of reach, Canadian budget tourists are among Cuba's best customers.

What makes Cuban tourism is ruled by institutionalised inefficiency, by a sort of Mañana-Maximum? What matter if the showers are temperamental, if service is as slow as maple syrup in January? The rum is cheap, the white sand beach is 20km long, and the winter sun shines with a kindness that can make a grown Canadian cry.

I soon got the hankering to try a different kind of tourism. I am as fond of sea and sun as anyone else, but quickly grew tired of the hotel barbecue-and-cabaret-show atmosphere. How often can you listen to "Guantanamera", after all, without feeling it is time to move on? What about a little conven-

tional tourism, I wondered, some sightseeing around the island?

It seemed easy enough to arrange. There were car hire agents and travel advisers sitting bored to tears behind hotel lobby desks. "Take a jeep," they urged me, smiling reassurance and thrilled to have a customer. "Visit historic Trinidad."

And so I did. It was not long, though, before I discovered that there is little of the conventional about any holiday travel in Cuba.

□ □ □

Why, I wondered as I barreled along the Ocho Vías – the great eight-lane motorway that cuts a swathe down the middle of the island – was mine the only vehicle on the road? Was the highway closed? Had there been flash floods, earthquakes, some other dreadful calamity? But no, I realised after driving 100 more kilometres and spotting at least a dozen other vehicles – this was just another day in cash-strapped, jerry-rigged, middle-on Cuba.

Desertion by the former Soviet Union and four years of economic crisis has left little transport in Cuba. There is not much petrol. There are few spare parts, few private cars, few state trucks to get produce to the hungry cities. Roadside hopefuls stand for hours flagging down anything on wheels. Drivers resort to prayers, bits of old wire and constant roadside tinkering. Not even the state itself, it appeared, was immune to breakdown – outside Jaguay Grande, I passed two grey-uniformed policemen sweating under the hot sun as they patiently pushed their little East German-built police car down the road.

Near the town of Aguada de Pasajeros, I turned off the motorway towards the sea. Some four hours away, at the foot of the Escambray hills, lay the little town of Trinidad. If the Ocho Vías indicated Cuba's drift away from the modern age, life along these smaller country roads seemed to prefigure its return to a pre-industrial past.



For many of Cuba's youngsters, the manufactured essentials of modern life are often out of reach

Heading for sleepy, tin-roofed villages where nothing moved, palmed bullocks drew wooden carts along at infinitesimal speeds. By the roadside an unsmiling rice harvest lay drying in the sun. Egrets hunted for frogs at the edge of sugar cane fields. Straw hats perched on their heads and machetes swinging from their belts, men on horseback rode out of the towns to tend their crops and herds of hump-backed Zebu cattle.

The whole perspective was so unhurried, so timeless and so close to the margins of subsistence that were it not for the bright blue Caribbean nearby I might have thought myself in one of the more forgotten corners of Africa.

The impression of a return to some sort of pre-consumer age only strengthened as I drove along the cobbled streets on the outskirts of Trinidad. "¡Jabón! ¡Jabón!" housewives appealed loudly to me from their front doors. It is not only soap that has recently disappeared from their daily lives; if rural Cubans eat better than the citizens of Havana, the manufactured essentials of modern life – everything from shoes to light bulbs to cooking pots – are often out of reach.

Half an hour later I was standing in Luz Garcia's kitchen while she made me coffee. With the household rationed to just one small box of matches per month, even lighting the stove to boil water had become an exercise in ingenuity.

Beside the stove Senora Garcia kept a little metal dipper with a twist of cotton at its end. To get a flame she removed it from the bottle of alcohol in which it sat soaking and ran it lightly over the two exposed wires of a live electrical cord. There was a short circuit, a crackle of sparks, and suddenly, a flame.

The trick was not to short out the lights at the same time. The other trick, of course, was to ensure there was a supply of cooking gas to ignite, no mean feat in Cuba these days. In order to keep their household functioning, the Garcia family scout out tourists like me. With the dollars earned from accommodation and meals, they are able to supply their more pressing needs.

revolution. So set in their ways and ferociously resistant to change were Trinidadians by this time that many took to the Escambray where they waged counter-revolution. They were wiped out after a bitter five-year campaign, but Trinidad's conservative bent remains.

And so a walk later that afternoon proved – the past was everywhere in Trinidad's colonial churches, convents, towers, squares, courtyards and cobbled streets. Each pastel-tinted house, with its wrought-iron window grilles, carved wooden beams and iron-studded doors was a small museum in itself. A little treasure, the town has been declared a site of world cultural heritage by Unesco.

But will the world come flocking to Trinidad on the strength of it? It appeared unlikely to me that evening when I visited the town's most popular watering-hole.

In La Canchanchara bar, the oldest building in town, normal service was held up as local hotel, bar and restaurant workers met to thrash out problems. There was no transport to the Escambray resort hotels high in the hills – should employees hitchhike, apply for lorry transport, wait for Havana to do something? The argument raged. In the end it appeared that bicycles were the most realistic, if also the most exhausting option.

No sooner was a vote to be held on the matter than the room went pitch black. Power failures in Trinidad are almost as common as cuts to the town's water supply. The vote was summarily cancelled until the next meeting, and the workers filed noisily out. A candle and a drink were eventually found. I sat in the quiet meditation on the day. The past was all very well, I thought, but in subtle doses. Cuba seemed so far plunged into a confusing darkness that for the moment there were few signs of where the future lay. I sat a few minutes more watching bats swooping about the ceiling of La Canchanchara, then drained my glass and felt my way back through cobbled streets to bed.

n winter

Woe to Joy as Japan falls to Schiller

Gerard Baker tries to understand why Beethoven's Ninth Symphony takes such a firm grip on the Japanese at this time of year

I caught the first few bars of the familiar tune one morning as I headed for the subway station. "Freude, schöner, Götterfunken, Tochter aus Elysium..." Behind me, a beWolk-manned middle-aged Japanese gentleman was belting out Schiller with more brio than I imagine even the author felt as he penned those famous lines. There was nothing particularly unusual about the scene.

The socially-dependent Japanese escape into a kind of delinquent solipsism when they slip on their headphones, and I knew well enough that they have a strong penchant for western classical music (if you have ever heard Japanese classical music you will probably know why).

But what I did not know then, and only later discovered, was that the early morning character was probably preparing to take part in one of the oddest of Japanese rituals. For every new year, in what can only be described as a national mania, the country is completely hooked on Beethoven's Ninth Symphony.

In late December and early January, hundreds of performances of the Choral symphony, or the *Daikoku*, meaning "The Ninth", are held throughout Japan.

They range in skill level and sense of occasion – from the world's best orchestras playing to packed houses in the costliest pieces of real estate in the world, to desultory gatherings of the amateur, the tuneless and the tone-deaf under the moonlight and the influence of drink in snowy mountain villages.

This year more than 70 concerts are planned in Tokyo alone – and that is just the official sort, for which enthusiasts pay up to ¥150,000 (about \$950) per head.

Elsewhere, in the pretty joyless surroundings of Tokyo's concrete maze, the amateurs hopefully intone the *Ode to Joy*.

Someone, somewhere, once estimated that up to one third of the entire Japanese population – 40m – hear a rendition of the *Daikoku* over the new year period.

This might appear hard to



Santa outside a Tokyo store: Japan enjoys a noisome Christmas

fathom anywhere outside Japan. Cross-cultural influences are limited and it is not easy to imagine a third of the population of the US taking up sumo or 25m Germans putting in overtime at the karaoke parlours.

But in Japan, a country hardly lacking in its own cultural heritage, the capacity to absorb western influences seems limitless.

That capacity produces its nadir of poor taste in the Christmas season. Although less than 2 per cent of the population professes Christian belief, the Japanese enter into the spirit of yuletide with all the enthusiasm of a small child confronted with a pile of presents on Christmas morning, and about the same degree of spiritual awareness.

From gaudy lights and carol muzak to pine trees (at \$15 per foot surely the most expensive bits of conifer anywhere in the world?) and round-the-clock showings of Hollywood's most saccharine seasonal creations, Japan enjoys a particularly noisome merry Christmas.

The *Daikoku* fixation is the most extreme (and the least unappealing) manifestation of that embrace of things western. For weeks beforehand, singers brush up on their German pronunciation.

That is no easy task for most Japanese since the letter L defeats many of them and German has far more vowel sounds, so phrases such as "Frohe weihnachten" are rendered almost incomprehensible. Public radio stations help, though, by providing weekly tuition from the middle of November on how to sing the *Daikoku*.

As with most traditions, no one seems to have the definitive explanation as to how it started. Theories range from the implausible – German prisoners of war in Japan (Japan?) in 1917 used to chant it on circuses of the compound – to the improbable.

One theory has it that it was first performed by a German conductor on contract to a Japanese orchestra during the second world war – a thesis that leaves one with the unimpressive thought that what is now the

official anthem of the European Union was once a kind of battle hymn of the Axis powers.

Merely, most experts think its provenance is more recent – its present popularity is probably the result of a media embellishment in the early 1980s of an obscure rural tradition. But much harder to answer is the question: why has it captured the imagination of a whole nation in such a spectacular way?

The sophisticated view, to which many Japanese cling, is that the combination of Schiller's words and Beethoven's music attests to earth's beauty and the harmony of man and nature – subjects close to the hearts of Japanese, apparently.

It was striking that at the official launch of the latest political party in Japan – the Shinshinto, or New Frontier Party – earlier this month, the Ninth was waved like a talisman, explicitly invoking a spirit of co-operation and harmony otherwise noticeably lacking in the proceedings.

What better time for the nation to express that harmony than at the start of a new year?

A more cynical explanation is that the chorale appeals to the basic Japanese demand for uniformity. The need for thousands of people all to be doing exactly the same thing at the same time is almost a model of Japanese society at work.

There is as little scope for individuality in singing the *Ode to Joy* as there is on the production line, the office, the home or the beer hall.

It is the musical expression of Japaneseness – perfect togetherness where, even if someone departed from the lyrics, he would never be heard and would be shamed back into conformity.

That might be a little unfair these days as Japan's confidence in its own perpetual social cohesion is starting to shake a little. And maybe the simplest theory, that it is just a good tune, and the Japanese have excellent taste, is the correct one.

In any case, it beats getting drunk and offensive in London's Trafalgar Square.

INVITATION

Cyprus, crossroads of the East Mediterranean, with Gerald Cadogan

24th April - 4th May 1995

The Financial Times offers its readers the opportunity to explore the wonders of Cyprus on an FT tailor-made tour. Spend 11 days in the company of Gerald Cadogan, the FT correspondent, learning about the ancient past as our exclusive programme takes you across this beautiful island at the ideal time of the year.

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Day 1 Travel to Paphos. Hotel Paphos Maris for 5 nights.

Day 2 Akamas peninsula.

Day 3 Kato Paphos region.

Day 4 Free morning, followed by a visit to Kouklia.

Day 5 Tour of Western Troodos.

Day 6 Travel to Limassol for 3 nights at the Churchill Hotel.

Day 7 Limassol sites and museums.

Day 8 Excavated sites in central Cyprus.

Day 9 Nicosia for a 2 night stay at the Churchill Hotel.

Day 10 Cyprus and Levantine Museums. Walk the Green Line.

Day 11 Kition and Hala Sultan Tekke. Depart from Larnaca for home.

Price: £1,210 per person. Single room supplement: £175

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Cricket

Underdog that does not bite

Simon Hughes argues that Britain's teams can learn to stop losing

You would never know from the dreadful recent performances of some of Britain's national teams that the British invented most of the world's main sports. Between 1880 and 1895 the British codified almost two dozen games. The country's diligent colonists launched them on the dirt tracks and dusty bowls of the Empire.

But now, in team sports at least, Britain's teams are on the brink of a precipice. Its footballers failed to reach the finals of the World Cup. In hockey, British teams are no match for the Australians. The England cricket team on tour in Australia lost twice to Australia's cricket academy and was beaten in a one-day international by the part-timers from Zimbabwe last week.

In due course the dictionary writers might decide to list "England Test Collapse" as all one word. Whenever England's cricketers take the field, they do so more in hope than expectation. They seem to be caught in the downward spiral with the echo of a laughing kangaroo in their ears. Losing has become a cycle that is hard to reverse.

But it can be done. Australia suffered the same disease in the mid-1980s and took action. It invested hugely in setting up the Australian Institute of Sport, realising that sport had become a science. It established schools of excellence, employed specialists and drilled home the ethic of winning

even in primary schools. Practice became fun rather than a chore and the Japanese philosophy of *Kai Zen* (constant improvement) coursed through competitors' veins. As a result the familiar brawny bravado of Australian teams has been replaced by clinical efficiency and a remorseless zeal.

"Winning is the science of being totally prepared," said Dr Peter Terry, a sports psychologist at the West London Institute. It is a message some British teams are not heeding.

In sport boardrooms there are some dyed-in-the-wool attitudes among the ageing policy makers. Other countries move forward, embracing new concepts and approaches, Britain does not.

A strange game in the British make up produces a distaste for striving too hard - it is better to hold something back than go for broke. The absurd "We didn't need that in my day" rejection of new methods is rolled out as a reason to stick with the status quo.

Look at coaching. Keith Fletcher, a suburban personality whose lack of adventure worked within the domesticity of county cricket, administered the same lame warm-up routine for 99 consecutive days during England's tour of the Caribbean last winter. During his reign England have won four Tests and lost 13, but he will almost certainly see out the other half of his five-year contract. The former England batsman Bob Woolmer, whose meticulous preparation and



Shif upper lip Angus Fraser and Mike Atherton watch England lose to South Africa at Lord's

brilliant man-management transformed Warwickshire, has been turned to *mastermind* South Africa's re-emergence.

Dave Aldred, an American football coach, helped the England rugby union fly-half Rob Andrew to kicking perfection against Canada a fortnight ago, but received the cold shoulder from Twickenham. Australia have hired him.

These sports are run by unwieldy committees made up largely of non-sportmen or people who played the game 20 years ago. They are out of touch. For the last two months Ray Illingworth, the chairman of England's cricket selectors, has not even been in the same hemisphere as the team. He says he is in Bradford rather than Brisbane because of his restricted contract.

In the long term, reform has to start with school sport. In the short term, Dr Terry has a

few suggestions.

"You've got to create positive vibes, England prepared for the West Indies tour by watching videos of a previous series when batsmen were ducking and weaving and taking painful blows on the body. That put them immediately in a tentative state of mind. I have encouraged players like Graham Gooch to look at film of themselves dominating a particular opponent and they seem to have found it helpful. I don't advocate abandoning traditional methods of preparation, but you can always add to them."

In cricket's old fashioned environment video analysis and psychological enhancement are not seen as important. Dr Terry's official association with England has ended.

"The Australians use every trick at their disposal to undermine visitors. Immediately

before the first Test in Brisbane, England played in chilly Tasmania. Their preparation for the one-day international series involved a match on a cabbage patch in Canberra against a team of local civil servants. Mike Atherton admitted he had not seen the itinerary before they left.

When touring teams visit England they receive cosy warm-up matches and a conveniently planned fixture list. They are allowed to sit at the wheel of *Longo-Bongo*, will help.

Alan Bond, the disgraced entrepreneur, is likely to be following the race with interest. In 1989 he built a maxi named *Drumbeat* with the aim of smashing *Kialoa's* record, but never managed it. Under his new name *Congere*, the US-owned maxi is one of the favourites. However, she will have to get past the *Wildthread* twins. *New Zealand Endeavour*, 1994 Whitbread race winner in the maxi-class, and *Yamaha*, W60 winner, are

Sailing / Keith Wheatley

Fleet gathers for exquisite torture

Sydney Harbour on Boxing Day will host the largest fleet of yachts ever assembled for a long ocean race. With 380 boats, the entry for the 50th running of the Sydney-Hobart classic is more than double the highest previous entry. The previous highest fleet in the Sydney-Hobart was a mere 179 yachts in 1985.

To cope with the number of competitors on the water, the race committee is running four starts: the two groups of veteran yachts from 20 and 30 years ago will leave the shelter of the Harbour 30 minutes before the traditional 1pm start. Heading the fleet will be 15 of the world's fastest and most powerful maxi-yachts, their sights fixed on breaking the record for the 630-mile course and taking race sponsor Kodak's £50,000 prize.

To collect the cash, the first yacht must cross the line before 3.36am on December 29 to break *Kialoa's* 1975 record of two days 14 hours 36 minutes, said race chairman Bill Sherman of the Cruising Yacht Club of Australia.

Among those with the best chance is the British-owned *Longo-Bongo*, 80ft long and pride of City property man Mike Slade, but under charter for this race to a Tasmanian syndicate called The Dairy Farmers. Chris Law, a regular at the wheel of *Longo-Bongo*, will helm.

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competing. Both are designed more for a marathon than a sprint but could do well.

Among the new yachts the 86ft pocket-maxi *Exile* is attracting most interest. Designed by the Reichel/Pugh team which secured the 1992 America's Cup for Bill Koch, *Exile* has a radical construction. Almost everything in the hull and on deck is in carbon fibre, even the twin steering wheels and the pedestal winches. The keel is of stainless steel and the towering four-spreader mast of aluminium.

Owner Warwick Miller has been repaid well for his expense. On her first outing in early December, *Exile* blitzed much bigger yachts and took line honours in the Cruising Yacht Club's short ocean race. When the first fleet sailed for Hobart in 1945, there were just nine competing yachts. Two of these, *Archius* and *Winston Churchill* have been completely refitted and will be racing again next week. The instigator and winner of that first race was a British naval officer, Captain John Illingworth. In his 36ft *Rani*, he took both line honours and first place on corrected time. This feat was not equalled until 1972.

Britain's best year was undoubtedly 1969, in the 25th anniversary race. The late Sir Max Aitken's boat *Crusade* was first to finish and took line honours, a victory accorded some prominence in the Daily Express of the day.

Edward Heath, shortly to win the 1970 general election and become prime minister, won on handicap at the helm of *Morning Cloud*. For three days they had a dream ride down the coast, holding the same spinnaker for 57 hours. Then came a savage storm that had Heath and crew des-

perately bailing with buckets as the bilge pumps failed. Then came a nail-biting drifting finish up the estuary into Hobart.

Morning Cloud was the last British yacht to win the Sydney-Hobart, although four years ago there was a huge controversy when the Whitbread maxi *Rothmans* was disqualified and lost the race after a row over sponsorship.

After a stormy and exhilarating ride across the Bass Strait, *Rothmans*, skippered by Lawrie Smith had shredded several spinnakers and the only one left intact was a small kite with the sponsor's logo prominent - against the Sydney-Hobart rules to use. It was miles from land so there was no promotional value in flying the sail and Smith warned the race committee by radio that he was about to do so, but the breach was spotted by a photographer in a press aircraft and the damage was done.

If records are to be broken this year, the fleet will need a north-easterly breeze and come out of Sydney Heads under spinnaker, holding the kites for the next 48 hours or more. It is a relatively rare weather pattern for New South Wales, hence the longevity of *Kialoa's* record.

At least as likely is the famed "southerly-buster", which produces big seas in the formidable Bass Strait between the mainland and Tasmania and an on-the-nose gale.

The other exquisite form of torture for competitors is the routine calms and zephyrs in the sheltered estuary of the Derwent River which meanders nearly 20 miles from the open sea to Hobart. In many races, leaders have stormed to the mouth of the Derwent and then crept up-river, being overtaken by smaller, lighter rivals.

FT Ski Expedition

Snow gets in the way of skiing

Arnie Wilson is halted by the Highway Patrol on Interstate 70

Arnie Wilson and Lucy Dicker are nearing the end of their attempt to ski every day of 1994 on a round-the-world expedition. They are spending the last few days of their odyssey in North America.

There is still no let-up, even though it is Christmas. We faced a journey of almost 1,000 miles to get from Crested Butte in Colorado to Jackson Hole in Wyoming, where we started our journey almost a year ago. But we needed somewhere to ski en route - hence the plan to visit a resort in Utah.

We chose Brian Head as our "stepping stone" - a resort I had always wanted to ski because of its unusual name. But 373 desolate miles after leaving Crested Butte - the last 100 through the remote Fishlake National Park in Utah's Rocky Mountains without a single sign of habitation, except for the occasional deer - our route was barred by two Highway Patrol cars.

"We've had to shut the interstate," said one of the officers.

"The weather's really bad

Even with Utah's snow, it is almost unheard of for Interstate 70 to close

a mile ahead and there are cars abandoned. You'll have find somewhere to spend the night here in Rich-

and so our dash south to Brian Head was halted in its tracks. The local paper, the *Schiffel Reeper*, had a field day. Even in Utah, where they claim to have the "Greatest Snow On Earth", it is almost unheard of for Interstate 70 to close.

So we headed north instead, to Snow Basin, owned by Sam

Valley, Idaho. It is to be the venue for the men's downhill in 2002 at Salt Lake City at last gets the Winter Olympics.

The owners were good when we arrived: Snow Basin's logo is almost identical to that of Nottingham Forest, my favourite football team. And here was Utah's legendary powder in abundance.

It had been snowing at Snow

As we finally approached Jackson Hole, we started to feel a little emotional

Basin for hours and now there was more than enough - the resort could even have exported a few inches to the barren slopes of Europe. Meanwhile Crested Butte, our launching pad for this latest adventure, is no longer the ghost town it was 40 years ago. Today, the old town - perhaps the most quaint, colourful and higgledy-piggledy community in the Rockies - attracts hordes of people by offering free skiing in the run-up to Christmas.

With its legendary extreme-skiing terrain as well as benign family skiing, it also attracts great skiers. Dave Swanwick the new world extreme skiing champion, whose parents are both British, lives there, the Olympic gold-medallist Bill Johnson is the resort's "Ski Ambassador", and Martin Bell, the British downhill racer is going to run a series of ski clinics there next spring.

After the long drive north from Snow Basin, we finally approached Jackson Hole and the twinkling fairy-lights of Teton Village below the huge monolith of Rendezvous Mountain.

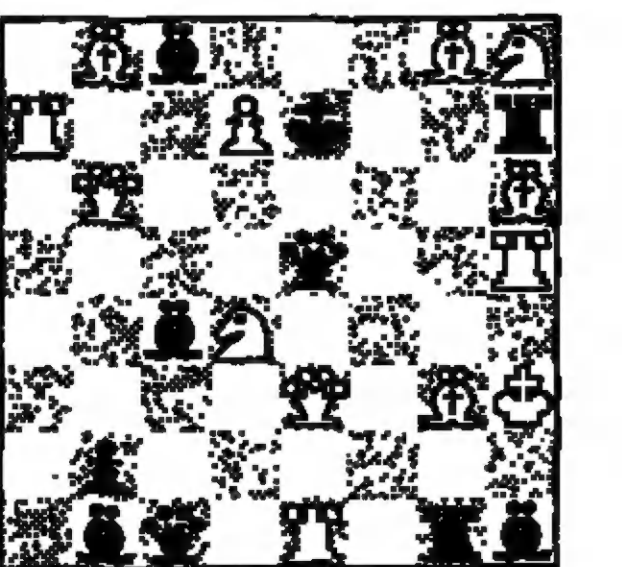
Here, our year-long odyssey had begun 350 days earlier, and we started to feel a little emotional.

CHESS

To test your chess skills while digesting mince pies, here are two unusual puzzles. The first is suitable for anyone from novice standard up, and can even be adapted as a party game.

The other is a stiffer exercise in logical deduction and contains a number of twists and turns which might even confuse a grandmaster.

No 1053

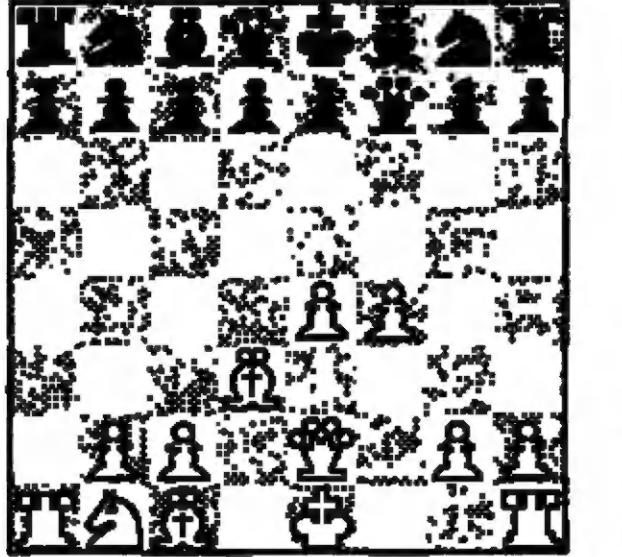


This chessboard was created by the famous Russian composer, L.I. Kubbel, as a joke for his friends. It is hardly a position you would reach in an over-the-board game, but it is perfectly legal to promote pawns into extra queens or, for that matter, rooks or bishops.

The question is simple: in how many different ways can White checkmate in one move? To adapt it as a party game, give every chess-playing member of your group a copy of the diagram and allow them a time limit according to their com-

fessed skills - one minute for grandmasters, three minutes for masters, half an hour for duffers. I confess I got it wrong.

No 1054



This problem is by M. Ott (1981) and is assured the diagram is correct; Black is still in the starting position except that his f7 pawn is mysteriously replaced by a queen.

The diagram represents the position in a game after Black's ninth move, and you have to reconstruct the moves so far. It is not really too hard if you consider the implications of the captured white men and that strange second black queen.

Solutions Page VII
Russia won gold medals as Garry Kasparov regained form and beat Nigel Short at the Moscow Olympiad. England finished fourth in the men's event and sixth equal in the women's.

Leonard Barden

BRIDGE

Today's hand is from teams-of-four:

N
♠ 9 5
♥ A K 10 7
♦ 10 9 8 2
♣ J 6 4

E
♠ A Q 8 4 2
♥ Q 9 2
♦ J 3
♣ Q 8 3

S
♠ K J 3
♥ 8 6 3
♦ A K Q 5
♣ A 9 7

This is what happened in room one. South dealt, with North-South vulnerable, and began with one no-trump, promising 16-18 points. North replied with a Stayman two clubs and, after South's negative reply of two diamonds, jumped to three no-trumps, which closed the auction.

West's opening lead was the spade four, which ran to five, 10 and knave. South could count eight tricks, assuming diamonds broke evenly, but where could the ninth be

found? Only hearts could produce the extra trick - but if East obtained the lead, a spade return would be fatal.

The declarer decided to play West for queen and knave of hearts. After cashing two rounds of diamonds, he led a heart and finessed the 10. East won, and the spade return spell defeat.

Let us replay the hand. After taking the opening lead, we take stock. We then decide that the only hope is to find West with three hearts to the queen. At trick two, we lead a heart to dummy's king, return to hand, lead another heart to the ace and exit with a low heart. West has to take. He cannot play spades with advantage - our contract is secure. Of course, if West on either heart lead plays his queen, he is allowed to hold the trick.

May I wish all my readers a very happy Christmas.

To book a place on the FT Bridge Weekend (January 20-23), tel: Chelton Glen on 0425-275941.

E.P.C. Cotter

CHRISTMAS CROSSWORD

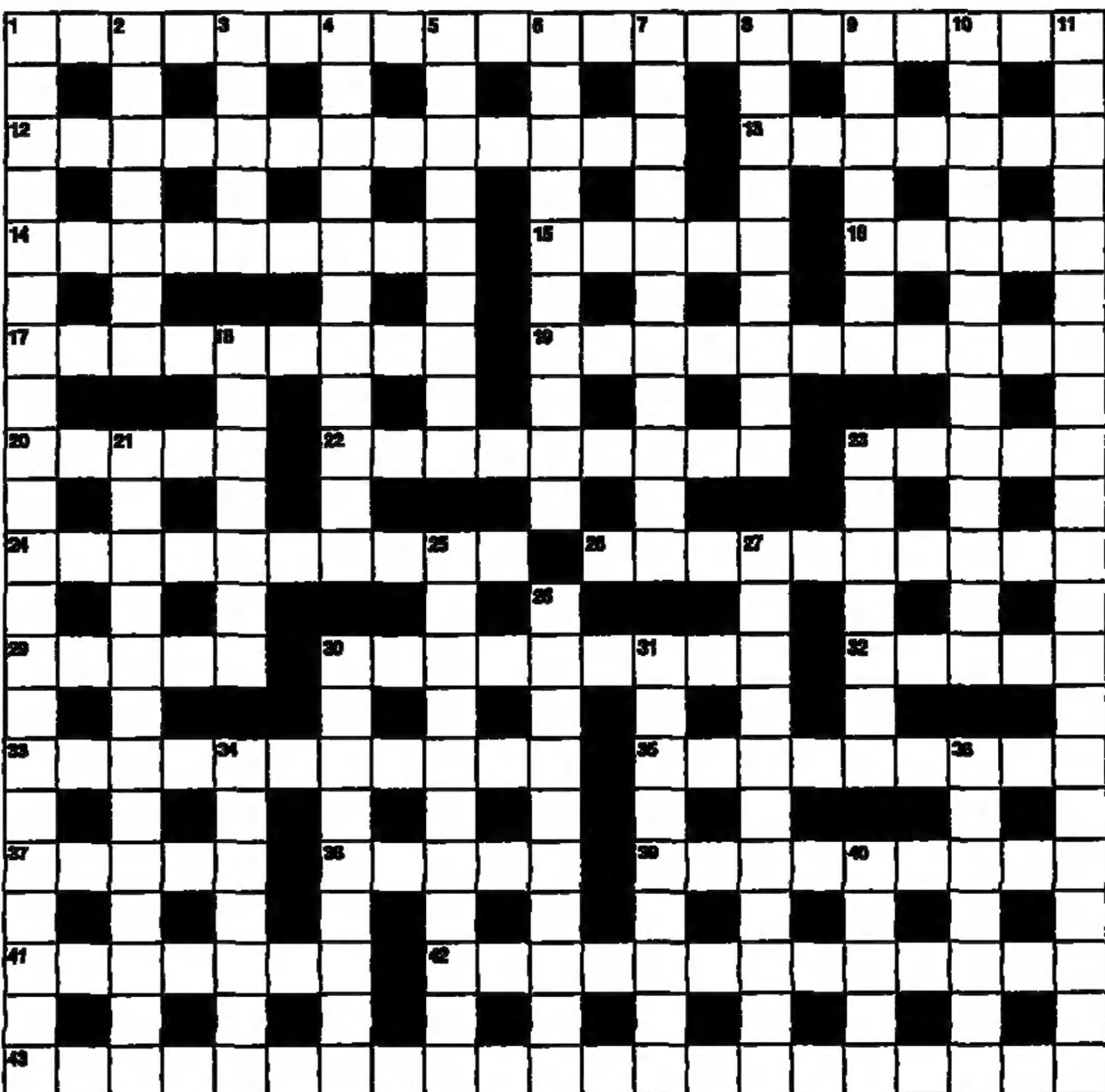
SET BY CINEPHILE

A prize of a classic Pelikan Souverain 800 fountain pen, inscribed with the winner's name, will be awarded for the first correct solution opened from those received by Wednesday January 4 1995. Five runner-up prizes of £35 Pelikan vouchers will also be awarded. Solutions should be marked Christmas Crossword on the envelope and sent to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution and winners' names will be printed on Saturday January 7.

- ACROSS
- Absolutely jumping for the sake of jumping? (4,2,3,4,2,5)
 - Correct article in control is for overlooking (5-4,4)
 - Definitely over 50% (3,4)
 - Elvira: that's what successful lawyers do without gravity (4-5)
 - Like the goat, affected by revolutions (5)
 - Optimist who persevered in part (5)
 - Pink and gold, backed by champion in small coins (9)
 - Third molar: in this mood, two would suffice (4,5)
 - Be greater than the Roman hero, by the sound of it (5)
 - Explorer finds cleaner eating antelope back on ship (5,4)
 - Cleaner makes sound of satisfaction without point (5)
 - Islanders with second letter pronounced? (10)
 - Responsible worker on a line, maybe anapaestic (3,7)
 - A distant church is an absurdity (5)
 - Biblical tribe that got fieshy? (5)
 - She's a female? That's a bit of a shock (5)
 - Blow that could be fatal to p-piece turning up in stock form (6,5)
 - Some companies - a number - could be guru-proof (5,4)
 - Keeping one's distance gives a scrubber no satisfaction (5)
 - Unprogrammed forecasts by doctors supplying organs (5)
 - First recent must accept ancient city life in France, as the FT sees it (3,3,4)
 - Fell into the grinder, wanting to provide a false label (7)
 - Choose a number in allmost mood for one's last sitting? (8,5)
 - In hell, having sworn: aspire to reform, getting only one cheer? (8,4,5,5)

DOWN

- A word to the wise: the Foreign Office prize around the north-east doesn't resemble the Venus of Milo (10,2,9)
- Myths of toes and knees? (7)
- Choose some ice? You've got a nerve! (5)
- Changed from rest and converted (11)
- Hair to endless troubles (6,3)
- It's hard and fine-grained, giving scope to court, during party turn (10)
- Watch out - say there's no big bang, in theory (5,5)
- Like to be employed - at a chest, for example? (9)
- Casual attendant while dish is cooking (2,4)
- It's not fitting for one to sleep with expert on public relations before one has dined (13)



Name: _____ Address: _____

11 Prickly plant containing soft skin, source of gold, not close to source of woe. You could do so" is modest praise (2,7,3,4,5)

18 Convict found in rape, perhaps - scissors and paste job (7)

21 Weep about her crowd coming up without loss, it appears at Easter (6,7)

23 Makes a shrill request for something to smoke and drink (5,3)

25 What's new about small cars evoking comparisons? (13)

27 Pacificist see soldier in the majority - his concerns are universal (11)

28 Place for unwanted books? (5,3,5)

30 Write a letter, included in permit that makes mountains blush (9)

31 City on the Volga: it's end got raised (9)

34 Blow up from below after time (7)

Solution 8,644

STREAK CHAPERON
G E O A T I O
E F F I C Y D I O G R A M
P R E A R K E P
R E A S A A T
E O M O P O U R T O T E S
E I R A G A
A P R O N S T A G E S K I T
S S S R I E U
S C A T T Y B A N D A N E
U T I L I Z E V I
A B S E N T E E R O U T E S
G L C R C I I
E L E C T I O N M Y O P I A

W I N N E R S 8,633
Ruth E. Peters, Elington, North-
umberland
A.S. Fergie, Edinburgh
Mrs N.H. Hall, Ponteland, New-
castle upon Tyne
Melanie Malcolm, Kilmoss
Erika Osswald, Stuttgart, Ger-
many
P.H. Simpson, Callington, Corn-
wall



Peter Aspden

It's wonderful to blow your own trumpet

Critics of the national lottery who decry its vulgarity are merely the latest in a long line of British killjoys

Sullied by scandal, battered by bludge and bludge, British sport reaches the end of a turbulent year determined to reassert its authority over the miscreants who have brought it such shame.

I quote from a national newspaper report: "Liam Daish, the Birmingham captain, has been suspended for impersonating Louis Armstrong while playing a trumpet thrown to him by a fan during Saturday's 4-0 win at Chester."

Now it is high time that the disgraceful practice of British footballers impersonating famous jazz musicians was brought to the

attention of the authorities. Note, however, that the looking and subsequent suspension was prompted, not by the playing of the trumpet *per se*, but for impersonating Louis Armstrong.

The hapless Daish must now be sitting at home wondering glumly: could he have got away with Dixie Gillespie or Miles Davis? Was his impression punished for being unconvincing?

What finally tested the patience of the referee? The arrogance of a jumped-up, overpaid whippersnapper crooning: "Then I think to myself, what a wonderful world!" into his face? Disrespectful or what? No wonder he saw yellow.

The sad truth is that in sport, as in all sectors of British society, we mistrust showmanship to such an extent that chastisement becomes a knee-jerk response.

Poor Daish wanted to raise a few warm smiles on a cold afternoon, but blowing your own, or even another person's, trumpet is simply not done.

Displays of originality, ostentatious eccentricity or unwarranted emotion are still considered vulgar, pushy or self-seeking; admonishment is the automatic antidote. We are simply not a showbiz kind of people.

That is only partly true, however. For every so often, an out-

break of mass vulgarity occurs which sends the castigating classes reeling in self-righteous fury; for it tells them that, deep down, we all want to break out of the strait-jacket of national temperament which so inhibits our every move.

Such an analysis is the only way I can make sense of the utterly disproportionate amount of invective spent on rubbishing the National Lottery and the harmless little programme set up to announce its weekly results.

This has been criticised, amid much wind-baggery about the BBC's national mission to inform and the decline of civilised values, for being loud and tacky, for pan-

dering to people's worst instincts, for lacking sophistication. What do these critics expect? Presenters dressed in Armani suits, music by Philip Glass, and Joan Bakewell drawing the balls for George Steiner to read out the numbers?

The programme is a scandal, they say, the lottery itself is a scandal, the desire to win a grotesque amount of money is a scandal; and there we have the nub of the matter.

It is no coincidence that these rabid exchanges have taken place during the hysterical, over-consumptive month of December. Christmas is neither the religious festival we think it ought to be,

nor the mass celebration of materialism we think, in our gloomy moments, it has become.

Christmas has come to symbolise the struggle within us between two worlds which cannot be reconciled.

Those few moments on the BBC every Saturday evening, the crudest, most potent glorification of get-rich-quick values yet devised in our country, do more than prick at our consciences; they constitute a full-frontal assault, a devastating reminder of the struggle we all face in balancing the worldly and the holy.

To mount this assault in the run-up to Christmas was asking for trouble; it must have been obvious

that, not liking the message, we would turn on the messengers.

So the poor old BBC gets it in the neck because, while we spend most of our lives trying to swell our coffers with the least possible effort, that couple of minutes it takes to pick those balls out strikes us as indecently hasty.

Well, a pox on our hypocrisy. I love the lottery. I love dreaming about what I would do if I won and I shall tune in without shame every week to see if I am destined to be a future Mr X.

I love a world in which you can be just a few nail-biting seconds away from a £12m fortune. What a wonderful world!

Private View

'Oh no, it wasn't like that at all...'

Snow White, alive and well in the Black Forest, tells Christian Tyler how her life has been misrepresented by Disney and the press

Following the princess's instructions, I crossed the Rhine at Strasbourg and drove south down the E35 Autobahn. After 30kms or so I turned the car's nose towards the distant hills of the Black Forest, still shrouded in morning mist.

For half an hour I motored through a picture-book landscape of sloping pastures and timbered farmhouses with overhanging eaves and elaborately carved balconies.

"Follow the signs to Willigen," she had said. "You'll find us on the edge of the woods above..." (she named a village, begging me not to reveal it). "Take care on the bends," she added. "I denied the BMW coming up the other day."

The woods in the little valley had been cut back to make room for a cluster of what looked like municipal starter-homes. But the cottage beyond them was instantly recognisable, even though the turf had gone from over the porch and the facade had been rendered in pebble-dash. There was a burglar alarm above the mullioned window.

I crossed the stream and parked beside a pink glass-fibre flamingo which stared into an ornamental pond. A modern extension projected into the back yard where a circular clothes-line swayed under the weight of many small garments.

Having heard the scrunch of tyres on gravel, the princess was waiting at the door. She was thick-set to the point of plumpness and her hair was grey. But her movements were graceful and her manner was confident. Behind the old-lady spectacles, the beautiful eyes were wide and candid; her complexion, the legendary complexion, looked as smooth as a girl's.

"Come in, come in," she said gaily. I ducked and entered the poky front room, startled to see how little it had changed. There were knick-knacks on the mantelpiece, an oil cloth on the table and a television and video recorder tucked discreetly under the staircase. For the rest, the place was defiantly antique, as if the world had not moved in 57 years.

The princess made coffee and I came quickly to the point. Have you seen the video that Disney has just released, I asked.

"We thought it charming," she replied, "quite charming. But not very accurate." She sighed and smiled in the same breath.

What vexed her most, strangely enough, was the film's treatment of her stepmother, the wicked queen. "You know, I can't say she never meant to harm me," the princess declared firmly. "She was jealous, of course, of Papa's affection and she did behave very badly. But it was me who decided to run away from home. I was rather naive in those days," she added with a coquettish glance.

What about the disguise, I said, and the poisoned apple?

The princess laughed. "Oh, the pedlar outfit wasn't any sort of disguise. She was frightened of meeting the boys, that's all. But she



wanted to see if I was all right and she brought me a few little things: some pink laces, and a comb - and the apple."

Which nearly killed you.

"Well, yes. But it could have been something else I'd eaten."

According to the original story, I said, your stepmother was invited to the wedding, was given a pair of red-hot shoes and made to dance until she dropped.

"Good gracious, no!" exclaimed the princess. "Really, one can't believe anything one reads in the papers these days. People are not as horrid in real life as you people seem to imagine." I was stung by the rebuke, but forbore to quote my

impeccable source. "No," she continued, "mother did rather overdo things - she loved parties, of course - and she put her back out, poor thing. She died not so long ago: a choking fit, the doctor said."

This was disappointing news. I began to wonder if my journey had been a mistake.

Princess, I said, you are called "Snow White", aren't you?

"Well, it is something similar. Schneewitchen is what darling Papa used to call me."

What is your real name?

The princess looked prim. "I think I should not answer that," she said.

I asked her about the seven

dwarfs and her countenance softened once more. The "film people" had taken liberties with their characters and names, she said. I thought it wise not to repeat some of the names the Disney studio first came up with: Flabby, Goopy, Gabby, Nifty, Jumpy and Awful.

"The boys were rather hurt, because they were never so untidy or ill-mannered as they were made out to be. But I think they saw the funny side."

The gold mine (it is a diamond mine in the film) had been closed by the owners, she explained, and "the boys" had been offered redundancy cheques. They had formed a workers' co-operative and with help

from the bank had continued mining until the better seams were exhausted. The bank refused, however, to put up the investment needed to open new galleries.

So what do they do now?

It was a story which has become familiar all over Europe. The one we know as "Doc" had taken up medicine and was running a successful practice in a village near Schindwald. "Happy" had a public relations job with the Black Forest tourist board, while "Sneezy" had moved to Basel where he tested anti-histamines for a well-known pharmaceutical company.

As for "Grumpy" ("not Grumpy, please, he is a sensitive person"), he

owned a woodworking studio nearby where he and a couple of apprentices turned out high-quality souvenirs - rustic chairs, cuckoo clocks and so forth - for the summer tourist trade. Every Sunday he played the church organ.

Less fortunate were "Bashful" and "Sleepy". Officially unemployed, they made a modest living as local handymen and landscapers. They were the only two who still lived permanently at the cottage.

"There is a little money left over from the mine and I help when I can. So you cannot say any one of us is badly off," the princess said.

I coughed apprehensively and

asked about "Dopey".

Snow White clapped her hands. "You would never guess, now, would you? Go on, guess!"

I scrambled for an answer that would sound neither offensive nor yet unrealistic.

The princess laughed triumphantly. A computer programmer - in Stuttgart?

So it is just the three of you living here now?

"What do you mean?" I shifted uneasily, uncertain how I was to introduce the topic. I mean, I said, after you and the prince, er... went your separate ways.

"You have been misled," said Snow White, and her eyes flashed. "Where do you get such information? Well, really?"

So it's not true?

Of course it's not true! We live very happily, always at the Schloss, and I come over here as often as I can to keep an eye on things."

I'm sorry, I said. It's just that I read...

"I shall forgive you. It is no secret that Karl can be a little... difficult sometimes, especially now that he has retired from the bank. But then so can I. We are none of us getting any younger. I should say we are still very much in love."

You didn't know each other very well before you married...

"No we didn't, not at all. It was love at first sight, everyone knows that. It may not be fashionable to marry so quickly these days," she continued, her lips pursed. "I notice also it is not so fashionable to learn good manners at table. That does not make it wrong."

At the end of the film, I said, he carries you off on his horse towards a fantastic castle. Was that Neuschwanstein, which mad Ludwig II of Bavaria built?

"That's right. Karl was a little naughty, pretending to me to own such a place. I think it was because he loved me and wanted to make a big impression. He had only rented it for the wedding and the reception, and of course our first night."

Snow White looked down demurely. Millions of people all over the world feel nostalgic about your story, I said, especially at Christmas. Do you feel nostalgic too?

"About the big forest, I do. Oh, and for the little animals, which were so tame and so sweet. They are too afraid to visit us now."

Do you have any regrets?

"I was lucky to be born as I was, and I had some bad things happen, too. But no. The world has changed very much, of course, but in so many ways it is better."

She waved her hand round the room. "What use is regret? We have money enough, we play and sing, we have our jokes. And we shall all be here together for Christmas. Look, I am making a special pudding."

How do you feel about the old days?

"You know, it is so long ago. For me it is like... like a fairy-tale."

And you lived happily ever after?

"Well, why not?"

All in the Mind

Alcohol goes straight to your ears

Andrew Derrington on why drinking makes your head spin and affects your sense of balance

It is a scientific fact, confirmed at thousands of Christmas parties every year, that drinking alcohol affects your balance. Observant drinkers will note that alcohol induces a sensation of rotation, in a direction that depends on the position of the head. If you drink heavy water instead of alcohol the spin will reverse direction.

The explanation of this spinning sensation highlights the exquisite sensitivity of the sensors and control circuits in the brain that enable us to feel stable as we totter soberly about our daily business.

Three sources of information are used: accelerations of the head, detected by the vestibular organ in the inner ear; movements of the neck and body, signalled by the muscles and joints; and movements of the objects about us, signalled by the visual system. Alcohol exerts its

effect on the vestibular organ.

Information from the different sources is rigorously cross-checked before it reaches consciousness, and before we take corrective action.

Nodding or shaking our head causes violent acceleration signals from the vestibular organ, but these are consistent with the signals from the neck, so we feel stable. We hardly notice the movement.

We also move our eyes so that head movements do not generate visual signals. We take for granted the speed and accuracy of the vestibulo-ocular reflex, which controls these eye movements.

Any inaccuracy in the VOR shows up as an instability in the visual world. A common example is the vertigo we experience when we change our spectacle prescription.

Changing glasses changes the magnification of the eye, and hence

the size of the eye movement that perfectly compensates for a given head movement. As we get used to the spectacles we adjust the VOR and the world becomes stable again.

Because the input (head movement) and output (eye movement) of the VOR can be measured precisely, it is one of the best understood control systems in the brain. But even now it holds surprises.

One of the latest is that the compensation for the visual distortion produced by spectacles is learned and remembered. When we change spectacles we adjust the VOR instantly. We can even learn to change the size of the VOR depending on whether we look up or down to compensate for bifocals.

You can test your VOR by shaking your head rapidly from side to side while reading this. You can see clearly while you shake or not your

head, but not if you keep your head still and move the paper. When your head shakes, the VOR moves your eyes at exactly the right velocity to keep them pointing in the same direction in space. When you shake the paper, visually controlled corrective eye movements are too slow to compensate.

Head rotation is detected by a part of the vestibular organ called the semicircular canal, a loop of fluid-filled tubing embedded in the skull bone. The tube is blocked by a barrier called the cupula. When the head rotates in the plane of the canal the fluid tends to lag behind, pressing against the cupula.

The pressure, detected by special neurons called hair cells, gives you the signal that your head is spinning. We have three semi-circular canals on each side of the head. Each is positioned to signal rotation

in a different direction. The VOR responds to rotation with an oscillating pattern of eye-movements called nystagmus.

The eye moves in the opposite direction to the rotation at exactly the same speed, and then flicks rapidly forwards. Nystagmus gives an exact indication of the state of the VOR. The commonest clinical test of the VOR is ingenious but crude. Syringing the ear with hot or cold water stimulates the semi-circular canals by causing expansion or contraction of the fluid in them. The "caloric nystagmus" that results is easy to detect.

We used to think that caloric nystagmus was caused by convection currents, but experiments on Skylab showed that this cannot be so. Caloric nystagmus occurs in space, where there is no gravity to produce convection currents.

In contrast, although it has not been tested in space, the spinning sensation induced by alcohol does depend on gravity. Otherwise, its direction would not depend on the position of the head. Alcohol stimulates the canal because alcohol in the bloodstream makes the cupula lighter than the surrounding fluid, causing it to float.

The resulting upward pressure on the cupula is identical to that caused by rotary acceleration of the head, and is interpreted as such by the brain. Mixing two parts of heavy water with one part alcohol neutralises this. Unfortunately, the high price of heavy water and the effects of alcohol on the nervous system make this an unrealistic way of keeping a clear head.

The author is professor of psychology at the University of Nottingham.

